



2021 annual report

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CCRICOS Provider Code: 01985A RTO Code: 4693

Sunraysia Institute of TAFE would like to acknowledge the traditional owners of the land upon which we conduct training, principally in Mildura, Robinvale and Swan Hill, and all communities where we have a presence. We also acknowledge their elders past, present and emerging as well as all the Aboriginal and Torres Strait Islander people that make up these communities today.

Responsible Body's Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Sunraysia Institute of TAFE's Annual Report for the year ending 31 December 2021.



Geoff Dea
Chief Executive Officer (CEO) Sunraysia Institute of TAFE
22/2/2022

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Introduction

Board Chair and Chief Executive Officer Statement

SuniTAFE launched into 2021 with a plan for continued transformation amidst responding to the continuously changing COVID-19 environment.

To keep students connected and on-track, innovative approaches to education and training enabled course delivery via blended or online modes to continue.

Our COVID-19 Pandemic Response Group (PRG) also succeeded in implementing their plan to manage community and industry lock-downs, social distancing, restrictions and vaccination mandates.

We are particularly proud of our accomplishments that stand behind our success this year and are critical to the future of SuniTAFE.

These include:

- Scott Hopkins, Teacher Certificate IV in Leadership and Management, Certificate IV in Training and Assessment and Certificate III in Retail was category finalist for Teacher/Trainer of the Year at the 2021 Victorian Training Awards.
- Laura Davidson, Certificate III in Hairdressing, Mildura Senior College student was awarded School-based Apprentice or Trainee of the Year at the 2021 Victorian Training Awards and category finalist at the 2021 Australian Training Awards.
- The Respect and Equality in TAFE initiative was officially launched in July. SuniTAFE was one of five Victorian TAFE's to pilot the program for the past 18 months to tackle gender equality and discrimination.
- SuniTAFE's SMART Farm was successful in harvesting its first crop of hemp seeds in March.
- Work commenced in September on the \$2.8 million roads, carparks and stormwater infrastructure project at the Mildura Campus.
- The SuniTAFE Board and staff engaged in focus groups and working committees to develop a SuniTAFE Gender Equity Strategy. A draft Gender Equity Action Plan 2021-2025 was prepared to determine a vision and focus, actions and business case.

The SuniTAFE Board has continued to oversee operations through adherence to best practice governance principles, including oversight of the delivery of our 2019-2023 Strategic Plan.

The Minister for Training and Skills and Minister for Higher Education has led the commitment of the Victorian Government to our Institute. We thank The Hon. Gayle Tierney MP, Minister for Training and Skills and Minister for Higher Education and acknowledge the support of the Department of Education and Training (DET), Higher Education and Skills (HES) and Victorian TAFE Association (VTA).

Every hurdle we crossed, and achievement we made in 2021, was shared by our entire workforce across all campuses. Together they contributed tirelessly to improving outcomes for our own employees and students, businesses, community and government - people that rely on us to deliver relevant and quality skills and training across our vast region in north-west Victoria.

Together we are rising to meet the challenges of a dynamic skills and training sector, while creating opportunities that will continue to make this region prosperous and great, now and well into the future.

We remain committed to guaranteeing the ongoing sustainability of our Institute and ensuring that SuniTAFE, with the continued support of the Victorian Government, delivers on its vision to be 'a leading regional training provider building community capacity through collaboration.'

It is with much pleasure that we submit the 2021 Annual Report of Sunraysia Institute of TAFE.



Kay Martin
Board Chair
22/2/2022




Geoff Dea
CEO
22/2/2022



History



1986 staff member Frank Lyons (unknown vehicle presentation)

SuniTAFE reached a 40-year milestone in 2020, arriving at this point in time as one of the largest providers of vocational education and training in north-west Victoria. On a state-wide scale SuniTAFE is a small TAFE with a large reach.

Originally instigated by a number of local educators in 1980, its establishment was seen as integral to the needs of the growing community and regional industry.

Formerly known as the Sunraysia College of TAFE, SuniTAFE was the first purpose-designed and built TAFE college in Victoria. It was set up to provide a quality teaching program that would meet the needs of the community and industry, providing access to training for those living in remote, regional areas of north-west Victoria.

During those very early years, partnerships with other educational providers were already seen as being

vital. Links and relationships were fostered with Ballarat University College, La Trobe University, Hawthorn Institute of Education, Victoria College and Deakin University. Some of these partnerships remain strong today.

Notably, SuniTAFE's Mildura Campus evolved into an education precinct with the co-location of La Trobe University.

Today, SuniTAFE is a vibrant educational community, providing vocational education and training for the people of Loddon Mallee North and beyond with students traveling from both across Victoria and interstate to study in courses where SuniTAFE has a demonstrated level of expertise. Through the use of technology and a commitment to building educational partnerships that improve opportunities for our students, SuniTAFE is also in position to deliver high quality training to many who are unable to access physical campuses.

Training and Assessment Services

SuniTAFE offers priority courses ranging from VET Delivered to Secondary Students (VETDSS), traineeships, apprenticeships, certificates through to diplomas and advanced diplomas.

SuniTAFE enrolls students in a range of disciplines including:

- Accounting and Management
- Automotive and Engineering
- Beauty
- Business, IT
- Conservation and Land Management
- Construction and Trades
- Design and Visual Arts
- Food and Hospitality
- General Education and English
- Health and Community
- Horticulture and Agriculture
- Youth

Other Services

SuniTAFE continues to offer a range of services to industry including:

- Business and industry advisory panels
- Employment services
- Partnership programs
- Skills recognition
- Workforce development

The SuniTAFE Skills and Jobs Centre (SaJC) provides expert advice on training and employment opportunities to:

- Apprentices and trainees
- Career-changers
- Current and prospective students
- Employers and business
- Government agencies
- Job starters
- People returning to the workforce
- Up-skillers

Locations and Facilities

The main campus of SuniTAFE is located in Mildura 453 Benetook Avenue, Mildura

SuniTAFE has other campuses located at:

Swan Hill

64 Sea Lake-Swan Hill Road, Swan Hill

SMART Farm Training and Innovation Hub

161 Dairtnunk Avenue, Cardross

Robinvale

Formally 160 Bromley Road, SuniTAFE is now trialling a new pop-up location and office at Robinvale College.

Horsham

Formally 17 Carine Street, Horsham, the Horsham Campus closed in 2021 to make way for a new collaborative approach between Federation University and SuniTAFE. Formed in July, the collaboration strengthens the delivery of skills and training in the Wimmera to provide better opportunities for students and local industry.

Purpose

Strategic Plan

The 2019-2023 Strategic Plan (Strategic Plan) specifies SuniTAFE's organisational priorities and guides the approach with a focus on delivering education, skills and training to meet the current and future needs of the north-west region of Victoria.

The Strategic Plan was developed through extensive consultation (in 2018) and aligns with SuniTAFE's Statement of Corporate Intent:

Together we give every Victorian the best learning and development experience, making our state a smarter, fairer, more prosperous place.

The Strategic Plan recognises SuniTAFE's current phase of exploration and growth, it offers flexibility and enables variation to match the fluidity and competitive nature of

the education and training environment. It acts as the overarching outline for business and action plans through which the vision, mission, values, strategic pillars and associated objectives are operationalised.

There are four strategic pillars that assure focus on the future vision while maintaining delivery of quality services on a day-to-day basis. These priority areas emphasise a continued commitment to excellence in delivering education, skills and training that benefit our students, businesses and communities - providing opportunity for increased productivity and regional growth.

As a result of the impacts of COVID-19, the SuniTAFE Board and Management have reviewed the existing plan at the end of 2020 and 2021, ensuring the demands of a changing environment are captured.

Preferred Training Provider	Progressive Collaborator	Support Growth and be Sustainable	Business Excellence
Deliver inclusive, flexible and accessible services of choice	Commit to excellence through collaboration	Create value driven and innovative services that support growth	Deliver business with optimal outcomes
Deliver relevant and quality services that are fair and equitable	Respond to training needs to encourage innovation	Deliver sustainable services	Strengthen service delivery through business excellence
Deliver valued services aligned to training needs	Collaborate to address required service delivery outcomes and experiences	Pursue opportunities and social investment through business culture	Integrate stakeholder opportunities into business operations
Broaden service scope	Develop progressive options for providing services	Support opportunities for growth	Demonstrate compliance, accountability and asset management
			Enable measured risk
Offer a value driven workforce	Strengthen the SuniTAFE workforce through collaboration	Engage workforce in the business culture	Be an employer of choice

vision mission values

Our Vision

A leading regional training provider building community capacity through collaboration

Our Mission

To be the most respected training provider in north-west Victoria delivering positive outcomes for all

Our Values

Integrity
Innovation
A Customer Focus
Business Acumen

Summary of Activities, Programs and Achievements

During 2021, SuniTAFE maintained a focus on financial and operational sustainability, while actioning strategic priorities and facing the ongoing challenges presented by COVID-19.

We continued to apply strong governance while developing the capability of our own staff to perform at their best in a mostly remote working environment.

Courses continued to be delivered via an online and blended model of education delivery. We adapted swiftly in response

to regional needs and government strategy, including the delivery of Free TAFE and other initiatives.

'Knowing our patch' is essential to our success and we build community capacity through our extensive networks, partnerships and relationships. In this way we maintain currency and understanding of our region. In these changing times, our collaborative approach has been essential to our adaptability and it has provided us with the determination to deliver training and education that is of benefit to our stakeholders.

Preferred Training Provider

Student numbers	2021 (Dec)
Government Funded Students	2,923
Fee for Service Students	1,785
Total student numbers	4,708

Skills and Jobs Centre (SaJC) fostered pathways to employment in 2021 and achieved:

Student numbers	2021 (Dec)
Student enquiries: The number of enquiries (regarding course options, educational advice, upskilling)	605
Industry enquiries: Number of industry/business enquiries in relation to training or SaJC support	52
Job outcomes: Number of clients who have secured employment via the operations of SaJC	29
Job Ready applicant referrals: Number of applicant referrals conducted by SaJC under the Trades Recognition Australia Job Ready Program. The program is aimed at assessing people awaiting Australian citizenship in an identified skills shortage area.	1,153

Student and Employer Satisfaction 2021 Survey Results

Student Satisfaction

86.5%

Employer Satisfaction

83.3%

Improved employment status

56.5%



School-Based Apprentice of the Year

Laura Davidson, Certificate III in Hairdressing and Mildura Senior College student was awarded School-based Apprentice or Trainee of the Year at the 2021 Victorian Training Awards and category finalist at the 2021 Australian Training Awards. Laura has had a passion for hairdressing since she was nine. In Year 9 she commenced a Certificate II in Salon Assistance before beginning casual work at a boutique hair salon in Mildura. She completed Year 12 at Mildura Senior College whilst training at SuniTAFE and completing her practical work at the salon.

Strategic Plan Re-fresh

Staff participated in a half day workshop in May, to commence strategic plan re-fresh projects aligning with strategic priorities of the plan. The Working Groups developed a Stakeholder Engagement Plan and associated actions for four key focus areas: specialisation and reform; life enhancing student experience; innovation and information; collaboration and engagement.

Virtual Teaching and Learning Conference

The second annual Teaching and Learning Conference was held in January. Presented virtually in 2021, the conference featured six keynote speakers.

To ensure SuniTAFE teachers maintain both VET and industry currency, the conference provided a PD activity to begin the teaching year and provided Educator Passport (PEC) points. The conference enhanced teacher capability in the areas of development and teaching excellence, digital literacy, industry immersion, innovation and change.

Creative Arts and Design Workshop – Trash Type

A successful workshop titled 'Trash Type' was held in January to explore type and 3D form through experimentation and play with materials. The session was aimed at encouraging people into the arts space and open discussions about courses and other opportunities.

Progressive Collaborator School Bursaries

SuniTAFE supports young people who live in the Mallee through their learning across disciplines such as education, music, sports or other extracurricular activities. In 2021, 11 bursaries were gifted to schools across the district to be used for their end of year awards and further the education of school leavers.

Robinvale Campus

Skills and Jobs Centre Pop Up

SuniTAFE's Skills and Jobs Centre initiated a weekly visit to the Careers Hub at Robinvale College. From the beginning of Term 2, a dedicated area within the Careers Hub has been transformed into a Skills and Jobs Centre space with course and careers information.

This Skills and Jobs Centre initiative aims to increase school engagement by providing access to high quality, free impartial careers and training advice.

Campus Relocation

SuniTAFE relocated its services for the Robinvale community to the Robinvale College and Community Library to address specific community needs. It extends on the SuniTAFE Skills and Jobs Centre pop up site. This innovative move is a first in terms of co-locating with existing local services to enable better access to training and greater awareness of opportunities to be job ready through the SuniTAFE Skills and Jobs Centre and SuniTAFE courses.

First Hemp Crop

SuniTAFE's SMART Farm in conjunction with Australian Primary Hemp was successful in harvesting its first crop of hemp seeds in March. One hectare (Ha) of Carina vines was cleared and overhead sprinklers were reinstated to plant three varieties of hemp seed in November and December 2020. The team had learnt from the trial and hoped to learn more in the next round.

Pathway to Victoria Scholarship

SuniTAFE was successful in becoming a provider of the Pathway to Victoria Scholarship Program in 2021. The program aims to support international students undertaking a pathway program that will enable them to study a higher qualification in Victoria. Funded by the Victorian Government through Study Melbourne, the scholarships are valued at up to \$2,500 each as is applied as a tuition fee reduction on

the cost of a pathway course that leads to higher study at SuniTAFE. The Scholarship is available to new international students commencing in 2022 with a packaged program.

Teacher Incentive Program

The Victorian Government funded TAFE Teacher Incentive Program launched in August, enabling SuniTAFE to offer financial support to study and work as a Victorian TAFE teacher. The \$10,000 incentive payments are available for skilled industry professionals to gain their Certificate IV in Training and Assessment qualifications to teach at TAFE.

Destination Australia Scholarships

In 2021, SuniTAFE was successful in being a tertiary education provider for the second round of Australian Government's Destination Australia Scholarships to support domestic and international students. The scholarships aim to attract and support students to study in regional Australia in new fulltime, on-campus Certificate IV, Diploma or Advanced Diploma qualifications.

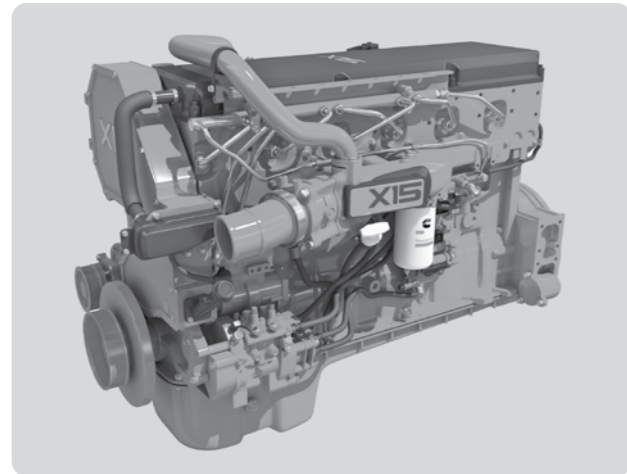
Following this round of scholarships, SuniTAFE received approval in November 2021 for the 2022 round of the Destination Australia program.

STEM 4 Sunraysia

Sixty-four Year 9 students from six local schools participated in the biggest STEM competition in the Sunraysia region. Due to ongoing COVID restrictions, it was a hybrid virtual model of the competition. The event was a collaboration between SuniTAFE, Northern Mallee Local Learning and Employment Network (NMLLEN) and four key local businesses; Mildura Paddle Steamers, SuniTAFE SMART Farm, Christie Centre GrowAbility Nursery and Cooke Industries. Students were presented with 1 of 4 'real world problems' from local businesses, and using entrepreneurial and critical solutions-based thinking, worked together to think of an 'out of the box' solution and present this idea in a 'Shark Tank' style pitch. The event aimed to demonstrate the importance of STEM in our everyday lives and direct links to future career options outside of traditional pathways.

Heavy Diesel Engine Simulation

SuniTAFE's Heavy Automotive workshops at Mildura and Swan Hill campuses took delivery of two Cummins X15 training engines in June. Valued at approximately \$120,000 each, SuniTAFE purchased two of only ten training engines in Australia. The addition of the X15 engines is a real boost to our Heavy Automotive program and gives students a huge advantage. The simulation will cater to about seven different competency units and map performance criteria for the Automotive Retail, Service and Repair (AUR20) training package.



Hydrogen Technology Cluster

SuniTAFE is a proud partner of the new hydrogen technology cluster in the Mallee to be led by the Mallee Regional Innovation Centre (MRIC) in Mildura. The cluster will focus on four focal areas – horticulture, water, energy and the environment in irrigated production and natural resource management. The cluster is an ideal opportunity to leverage SuniTAFE's involvement with MRIC for the benefit of students and industry.

Support Growth and Be Sustainable SMART Farming Operations

- Mechanical Farmhand Robot – SuniTAFE entered a 4-year partnership with Agerris who manufacture the robots for use of farms. The cutting-edge farmhand is a durable, low-cost and autonomous 'drone on wheels' to enhance productivity and better manage yields and crop health. Trials were conducted to determine what tasks the bot should do. Australian Date Palm Growers Association – the SuniTAFE SMART Farm and AgriFutures was awarded a contract to develop a five year communication and stakeholder plan. The plan will coordinate industry in areas like conferences, networking and events.
- Enhanced course curriculum – teaching programs delivered at the SuniTAFE SMART Farm now incorporate new technologies such as dendrometers, moisture probes and drones.
- Increased crop yields for 2021 – across all varieties of winegrapes yields increased by 12-19%. This is the second highest yield since 2004. Dried fruit yields saw a decrease of 22-26% however quality was predominately 5 crown, a pleasing result to have reached the highest quality grading level. Almond harvest yields increased by 70% and tangelos increased their yield by 73%.

Mechanisms to communicate to stakeholders in 2021 included:

- Distribution of a SMART Farm quarterly newsletter.
- Exhibiting at the Mildura Field Days to showcase new tech displays including drones, drop probes, VR goggles, hands on activities and farm produce. A representative from Agerris was also in attendance to promote the digital farmhand.

Online Careers Day

2021 Careers Open Day in August was held online for the second year, spanning over five days to coincide with National Skills Week.

Ongoing COVID-19 restrictions prompted the traditional careers event to be adapted to a virtual platform again, with a SuniTAFE website microsite. The site featured information and videos on courses for careers that are most in demand, pathways, Free TAFE, careers and study advice, including links to Q&A sessions.

Marketing Campaigns

During 2021, SuniTAFE conducted 12 campaigns to stimulate ongoing awareness and demand.

Target audiences across the various campaigns included prospective students (school leavers and career changers), local industries, government and the community.

Campaigns included:

Connected / Enrol Now Jan-Feb

Driving awareness of the benefits of training at SuniTAFE and promoting courses to nurture enrolments with new models of delivery to keep everyone safe, connected and on track.

Staff Recruitment

To combat the challenges of recruiting quality training professionals and lift the perception of SuniTAFE within the teaching and training community.

Graduation

Sharing and celebrating our graduates and award winners for the 2020 Academic Year after a virtual event.

Enrolment (Mid-Year)

Promoting courses and driving enrolments.

Destination Australia Scholarships

Driving awareness of the study scholarships for domestic and international students to study at SuniTAFE.

Careers Day

Promoting a digital hub of course information, industry outlooks and Q&A sessions to potential students.

Skills and Jobs Centre

Promoting services provided by the centre to potential students and the community, offering one-on-one interviews.

inspired... job trainer

Develop the skills you need to establish a career in the Beauty Industry.

Stay connected with Victoria's Award Winning Training Provider. Our new model of blended delivery provides learning on-line and on-site across our campuses.

ENROL NOW!
You'll be surprised at what you can achieve.
Apply online or call for more information.

Call 1300 478 648 Visit sunitafe.edu.au

SUNITAFE TAFE VICTORIA

Create change, shape the future, pass on your skills

SunitAFE is experiencing rapid growth and are seeking qualified professionals. Do you have over 3 years' industry experience? Are you looking for a rewarding career that allows you to pass on your skills and help shape the future? Becoming a teacher at SuniTAFE could be the right job for you.

Work with Victoria's Award Winning Training Provider

Current Teaching positions available at Mildura Campus

ALLIED HEALTH
Full Time, Fixed Term.

INFORMATION TECHNOLOGY
Part Time, Full Time or Casual.

Positions remain open until filled.

Not a teacher?
We can train you

For position descriptions and how to apply, please visit our website at: sunitafe.edu.au/recruitment/
Call HR 03 5022 5972

SUNITAFE TAFE VICTORIA teach SUNITAFE

Virtual Graduation & Awards Celebration

Congratulations graduates and award winners for the 2020 academic year!

170 students graduated from 14 diploma and advanced diploma qualifications.

287 students from 28 traineeships and apprenticeships completed their studies.

35 student awards and 2 scholarships were presented to deserving students.

For a full list of graduates and award winners visit: www.sunitafe.edu.au/graduation

Call 1300 478 648 Visit sunitafe.edu.au

SUNITAFE TAFE VICTORIA

Free TAFE

Sharing real stories via a series of documentary/testimonial videos of SuniTAFE students that have completed Free TAFE courses to drive awareness and nurture leads through to enrolment.

SMART Farm

Driving traffic to the newly developed SuniTAFE SMART Farm web portal. The SMART Farm is preparing a new generation of tech-savvy growers - this campaign highlighted SuniTAFE horticulture training and the SMART Farm Innovation Hub.

Trades

Promoting apprenticeships and traineeships, features, training and support information for potential students, employers and industry.

STEM4 Sunraysia

Promotion of STEM 4 Sunraysia, the biggest Science Technology Engineering and Maths (STEM) competition in the Sunraysia region. Students from a range of local schools come together for this event to solve 'real-world problems' from local business. A fantastic opportunity for students to learn and engage their STEM knowledge and skills.

Enrol Now for 2022

Campaign running for 12 weeks to drive awareness of training options for 2022 and nurture enrolments.

COVID Information and Updates

A mix of press, TV, radio, cinema and digital/social were used across the campaigns. In addition, new website pages were developed for recruitment, SMART Farm, STEM, TAFE Teaching Incentives, Trades (Apprenticeships & Traineeships) and 2022 Enrolment.

Campaigns generated on average **1,767 clicks** and achieved a range of click through rates, with some as high as **4.34%**

(a good rate is between 2-5%).

Digital Analytics

Traffic to the SuniTAFE website was strong in the first six months of the year however has seen a decrease in the second half of 2021 from mid-June onwards.

Gender Equality

Under Victoria's new Gender Equality Act (2020), SuniTAFE is required to take steps to make meaningful progress towards gender equality. Under these obligations, SuniTAFE conducted a workplace gender equality audit to better understand the state and nature of gender equality at SuniTAFE and gender impact assessments. The SuniTAFE Board and staff engaged in focus groups and working committees to develop a SuniTAFE Gender Equity Strategy. A draft Gender Equity Action Plan 2021-2025 was prepared to determine a vision and focus, actions and business case.

Horticulture Training with Peru

SuniTAFE was selected to promote TAFE capabilities in agriculture training via an Australian Government Council of Australia Latin America Relations grant awarded to TAFE Directors Australia in early 2020. Due to the pandemic and travel restrictions the program was delivered via a series of webinars. In March, SuniTAFE's expert presenters participated in a 2-week webinar on Peru - The role of Technical and Vocational Education and Training in Supporting the Transformation of the Horticulture Sector. SuniTAFE participants discussed the value of links with industry, horticulture training in Australia and teacher training and development.

Tristate Heavy Vehicle Road Safety Forum

SuniTAFE's SMART Farm hosted the Tristate Heavy Vehicle Road Safety Forum in April. Presented by Wentworth Shire Council and Transport NSW, the event featured keynote speakers including Victoria Police, NSW Police, National Heavy Vehicle Regulators, Guardian Telematics, coupling demonstration, SuniTAFE trial farm tours and robotics and wellbeing screenings. It was a great educational event for the heavy automotive industry.

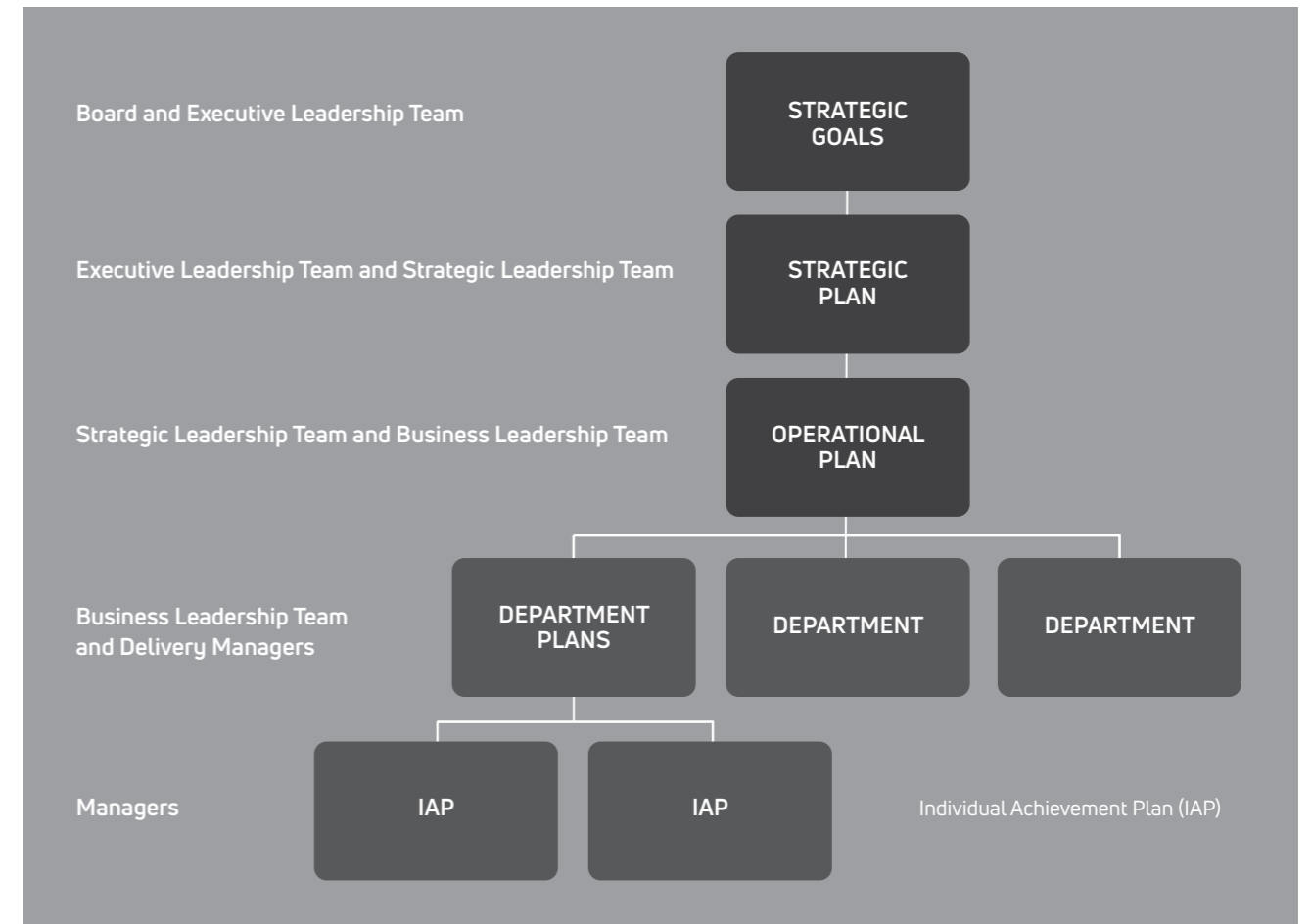
VETDSS Excellence Awards Sponsorship

SuniTAFE was a Gold sponsor for the Sunraysia Careers Network 2021 VETDSS Excellence Awards, held online in November. The awards celebrate outstanding work accomplished by VET, VCAL and SBAT students in the region. SuniTAFE's Teacher of the Year finalist Scott Hopkins was a keynote speaker at the event.

Business Excellence

New Staff Leadership Teams

In 2021 the leadership structure and communication framework was enhanced to provide clear lines of responsibilities. New leadership teams include:



Strengthened OHS Program

A new occupational health and safety management system called SuniSAFE was introduced in June. It applies to all SuniTAFE staff, students and visitors and sets responsibilities and standards as they apply to health and safety at SuniTAFE. It also provides tools and processes for managing health and safety. The Occupational Health and Safety Policy was updated to reflect the new system and a dedicated space on the staff staff intranet was created as a central location for SuniSAFE forms, procedures and policies. A logo and mascot were adopted to ensure that all SuniSAFE documents and communication is clearly recognisable.



Mildura Campus Refurbishment

Work commenced at the end of September to the **\$2.8 million** roads, carparks and stormwater infrastructure project at SuniTAFE's Mildura Campus.

The Mildura Campus works are expected to be fully completed in April 2022.

The \$1.6 million project to repurpose the main thoroughfare of the Mildura Campus will commence early 2022.

The projects are funded by the Asset Maintenance Program announced by the Victorian Government in 2020 and during this time will create jobs for Sunraysia locals.

Working Remotely, Together

Under the provisions of the Business Continuity Plan, SuniTAFE established a Pandemic Response Group and Stakeholder Engagement Plan in 2020 to manage the stability of SuniTAFE through the COVID-19 crisis.

In 2021 the Pandemic Response Group (PRG) continued to manage the short term response under the direction of the Victorian Government and the longer term actions required for the ongoing management of SuniTAFE.

The PRG was responsible for leading, informing and empowering staff with the advice from the CEO in respect to requirements during this period.

In line with DET directives, SuniTAFE continued to operate throughout the year, limiting the number of students and visitors to campuses.

Measures implemented included:

- Click and Collect Service established for a central collection point on campus for students and teacher materials and submission of assignments.
- Campus public spaces and training rooms adjusted to comply with social distancing measures including signage and floor stickers.
- Temporary Flexible Working Arrangements for staff to work from home.
- Student Declaration Form to include double vaccination information for Student Management System.
- SuniSAFE mascot with vaccination messaging.

Staff engagement was conducted remotely via:

- CEO video updates in weekly newsletters.
- Online staff forums.
- Dedicated pages on the staff SharePoint portal for COVID-19 staff information and remote learning resources.

Student and stakeholder engagement was conducted via:

- SuniTAFE website news.
- SuniConnect updates.
- Text messages to enrolled students.
- Social media posts.

Respect and Equality in TAFE initiative

SuniTAFE is part of a pilot project to increase best practice at SuniTAFE to address gender drivers of family violence and violence against women. A Strategic Advisor, Family Violence Prevention was appointed early in the year to implement the deliverables of this project to SuniTAFE. Staff participated in the Workplace Quality and Respect Survey in March as a mechanism to gather information to better understand:

- Perceptions of structural and cultural support for gender equality and staff.
- Staff awareness of relevant policies and procedures and confidence in them being applied.
- Factors that can act as barriers or enablers to the achievement of gender equality in our workplace.

Awards and Achievements

SuniTAFE SMART Farm

Winner - Quality Award for 2020 – Supplier of High Quality Dried Fruit, Sunbeam

SuniTAFE Partners

Winner – Mildura Truck Centre, SuniTAFE Graduation and Awards, Mildura

Winner – Wimmera Health Services, SuniTAFE Graduation and Awards, Horsham

SuniTAFE staff

Scott Hopkins - Leadership and Management

Winner – Teacher of the Year, SuniTAFE Graduation and Awards (Mildura)

Finalist, Teacher of the Year, 2021 Victorian Training Awards

Brenton Arnold, Manager ICT Services

Winner – Staff Member of the Year, SuniTAFE Graduation and Awards (Mildura)

Michael Taylor, Electrical

Winner - Teacher of the Year, SuniTAFE Graduation and Awards (Swan Hill)

Paige Jones, Administration Officer

Winner - Staff Member of the Year, SuniTAFE Graduation and Awards (Swan Hill)

SuniTAFE students

Laura Davidson (SuniTAFE/Mildura Senior College)

- Winner, School-based Apprentice/Trainee - 2021 Victorian Training Awards

Aimee Pearce, Red Cliffs Secondary College & SuniTAFE VET Allied Health student, Winner, Student of the Year, 2021 VET Excellence Awards

Kerry Frankel 40 years of service

A celebration event was held in February to acknowledge Kerry Frankel, Teacher Building Studies, 40 years of service at SuniTAFE Mildura Campus. Career highlights include: teaching furniture restoration classes for 25 years straight and conducting outreach classes in locations including Pooncarie, Anabranck, Boinka and Boundary Bend. Kerry is well regarded by staff and apprentices.

Minister

Sunraysia Institute of TAFE is administered by The Hon. Gayle Tierney MP, Minister for Training and Skills and Minister for Higher Education, operating under the *Education and Training Reform Act (2006)*.

Management and Structure

SunTAFE is governed by a Board of Directors, established by the Order in Council titled the Constitution of the Sunraysia Institute of *Technical and Further Education Order 2016*, made under section 3.11(2) of the *Education Training and Reform Act 2006*.

The role of the Board under the Act is to oversee and govern SunTAFE efficiently and effectively; develop and implement strategic plans and statements of corporate intent, via the Statement of Priorities in accordance with the requirements of the Act; and oversee operational planning. The Board Standing Orders provides additional guidance to Directors on accountabilities and interactions, which is read in conjunction with the Act and Constitution.

The Board is comprised of 11 directors, with the majority coming from the local region. Board members have experience in Management; Business and Commerce; Finance; Corporate Governance; Law; Vocational Education and Training; Horticulture; Nursing; Adult and Tertiary Education.

The Board is committed to ethical conduct in line with the Victorian Public Sector Commission (VPSC) Code of Conduct and is ultimately responsible to the Victorian Government for the governance and management of SunTAFE.

Board Members

- Six are Ministerial appointed directors
- Three are co-opted directors appointed by the Board
- One is a SunTAFE staff member elected by SunTAFE staff
- One is the CEO

The following Directors served on the Board during 2021:

Kay Martin (Board Chair)
Geoff Dea (CEO)
Rod Markwell
Amanda Phillips
Terry Jennings
Greg Hutchison
Justin Lachal
Neth Hinton
Tania Chapman
David Cofield
Kate Hughes (appointed 1 September 2021)

Board Committees

Board Sub-Committees are established to assist the Board with Governance and oversight obligations. The following Sub-Committees assisted the Board in fulfilling its duties in 2021:

Governance Committee

The Governance Committee assists the Board to oversee SunTAFE's corporate governance and ensure compliance with SunTAFE's statutory obligations.

The Committee's role involves:

- Assisting the Board to effectively discharge its duties with respect to overseeing all aspects of good corporate governance Ensuring that legislative and compliance responsibilities as they relate to the Institute are met.
- Managing the processes of recruitment, induction and performance review of Board Directors.
- Making recommendations to the Board on all matters relating to the CEO's employment and executive remuneration matters.
- Reviewing new and existing SunTAFE policies.

Membership (as at 31 December 2021)

Neth Hinton (Chair)
Kay Martin (Board Chair)
Tania Chapman (Board Director)
Geoff Dea (CEO)

Audit Committee

The Audit Committee assists the Board in the effective discharge of its legal responsibilities to oversee corporate reporting processes, including the financial reporting process, internal controls, external and internal audit, and compliance with laws, regulations, the Financial Management Act 1994 reporting requirements, and internal policies.

The Committee's role involves:

- Overseeing the scope and execution of the internal audit plan.
- Monitoring the effectiveness of SunTAFE processes to ensure compliance with its fiduciary and statutory obligations in relation to financial reporting.
- Overseeing the preparation of financial statements and other published financial data.
- Review SunTAFE's Fraud Management Plan.
- Reviewing financial and accounting policies.

The financial statements in the Annual Report have been reviewed by the members of the Audit Committee, and formally adopted by the SunTAFE Board.

Membership (as at 31 December 2021)

Amanda Phillips (Chair)
Kay Martin (Board Chair)
Inga Dalla Santa (Co-opted)
Justin Lachal (Board Director)
Neth Hinton (Board Director)

Strategic Business Development Committee

The Strategic Business Development Committee assists the Board by providing objective advice, insights, and recommendation on strategic marketing; stakeholder engagement; skills and training in response to industry and workforce demand; and business development initiatives to position SunTAFE for sustainable growth.

The Committee's role involves:

- Making recommendations to the Board in regards to strategic marketing and business development initiatives as referenced in the SunTAFE Strategic Plan.
- Providing advice to the Board on identified growth projects; new job opportunities; new and existing markets or industry segments; and new geographical areas Acting as a resource to connect SunTAFE with businesses and the regional community.
- Providing independent advice and recommendations drawing on the business experience of Committee members.

Membership (as at 31 December 2021)

Rod Markwell (Chair)
Geoff Dea (CEO)
Greg Hutchison (Board Director)
Terry Jennings (Board Director)
Neth Hinton (Board Director) (appointed 1 December 2021)
Amanda Phillips (Board Director) (appointed 1 December 2021)

Risk Committee

The Risk Committee assists the Board to discharge its duty in fulfilling their oversight and governance responsibilities and obligations by taking proactive action and management against risks facing the Institute and mitigate these risks.

The Committee's role involves:

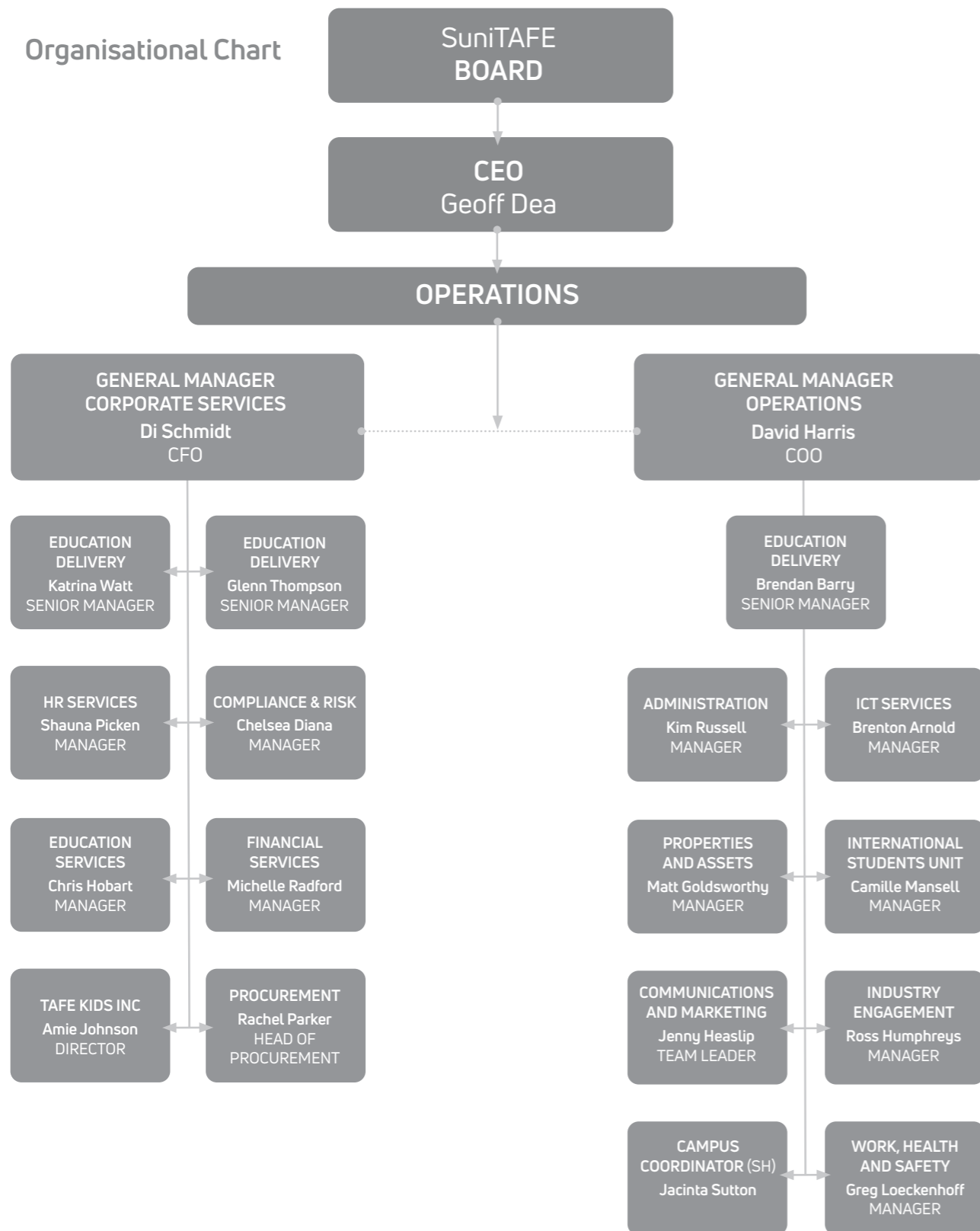
- Ensuring legislative and other compliance responsibilities are met under the Financial
- Management Act 1994; Standing Directors of the Minister for Finance 2018; the instructions of the Minister for Finance; and Victorian Government Risk Management Framework.
- Independently reviewing and assessing the effectiveness of SunTAFE's Risk Management Plan.
- Ensuring SunTAFE's Risk Management Framework supports the development of a positive risk culture.

Membership (as at 31 December 2021)

Tania Chapman (Chair)
Kay Martin (Board Chair)
Geoff Dea (CEO)
Leonie Burrows (Co-opted)
Amanda Phillips (Board Director)
Kate Hughes (Board Director) (appointed 1 November 2021)

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Executive Management



Financial and other information

Workforce data

Employment and Conduct Principles

SunITAFE is committed to applying merit and equity principles when appointing staff. The selection processes ensure applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. SunITAFE's employment and conduct principles are set in accordance with the Victorian Public Sector Commission's Code of Conduct for Victorian Public Sector Employees.

Workforce Data

The total Full Time Equivalent (FTE) for 2021 was 272.8. The method of calculation is the approach used to report FTEs to the Department as per the Performance and Accountability Framework. A breakdown of workforce data is below.

Table 1. Performance and Accountability Framework FTE Table - For years ending 31 December 2020 and 2021

	Year ending 31 December 2021							Year ending 31 December 2020						
	Full Time		Part Time		Casual		Total	Full Time		Part Time		Casual		Total
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other		Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other	
PACCT Staff	85.1	9.9	21.3	1.4	NA	3.5	121.2	80.9	7.3	18.2	1.8	NA	4.0	112.2
Executive	0.0	1.0	0.0	0.0	NA	0.0	1.0	0.0	1.0	0.0	0.0	NA	0.0	1.0
Other	9.2	0.1	11.0	0.0	NA	2.6	22.9	9.8	0.2	8.8	0.1	NA	4.9	23.8
Teacher	89.2	6.4	23.8	2.9	5.4	NA	127.7	84.9	5.1	24.3	3.4	9.9	NA	127.6
Total	183.5	17.4	56.1	4.3	5.4	6.1	272.8	175.6	13.6	51.3	5.3	9.9	8.9	264.6

Employees have been correctly classified in the workforce data collections.

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Table 2. Workforce Disclosures (December 2020 – December 2021)

Demographic Data	December 2021						December 2020							
	All Employees		Ongoing			Fixed Term and Casual	All Employees		Ongoing			Fixed Term and Casual		
	Number Head-count	FTE	Full time Head-count	Part time Head-count	FTE	Number Head-count	FTE	Number Head-count	FTE	Full time Head-count	Part time Head-count	FTE	Number Head-count	FTE
Gender														
Women Executives	0	0.0	0	0	0.0	0	0.0	0	0.0	0	0	0.0	0	0.0
Women (total staff)	212	166.2	101	69	149.5	42	16.7	220	167.5	102	60	145.9	58	21.6
Men Executives	1	1.0	0	0	0.0	1	1.0	1	1.0	0	0	0.0	1	1.0
Men (total staff)	123	106.6	87	10	90.1	26	16.5	115	97.1	71	12	81.0	32	16.1
Self-described Executives	0	0.0	0	0	0.0	0	0.0	0	0.0	0	0	0.0	0	0.0
Self-described (total staff)	0	0.0	0	0	0.0	0	0.0	NA	NA	NA	NA	NA	NA	NA
Age														
15-24	14	12.9	10	2	11	2	1.9	12	7.5	6	0	5.9	6	1.6
25-34	65	51.4	29	23	44.7	13	6.7	62	45.8	26	18	37.2	18	8.6
35-44	81	65.1	46	22	57.7	13	7.4	75	56.3	39	16	49.7	20	6.6
45-54	90	74.7	55	17	68.3	18	6.4	94	81.6	54	19	70.6	21	11.0
55-64	73	59.2	42	11	48.9	20	10.3	72	61.2	42	13	53.4	17	7.8
Over 64	12	9.5	6	4	9	2	0.5	20	12.2	6	6	10.1	8	2.1
Total	335	272.8	188	79	239.6	68	33.2	335	264.6	173	72	226.9	90	37.7

Occupational Health & Safety

In 2021 SuniTAFE's ongoing commitment to OH&S was demonstrated through our strategy to ensure that all staff, students, contractors, and visitors experience a working and learning environment at SuniTAFE that is safe. The highlight of this was the launch of SuniSAFE, the Institute new Occupational Health and Safety Management System.

2021 has seen improvement in some of SuniTAFE's OH&S performance indicators. There was zero lost time injuries, down from two in 2020. A 71% reduction in staff injuries rated as significant, and a 33.3% reduction in staff injuries rated as minor. Minor student injuries reduced by

80%. Hazard reporting, which is considered a positive lead indicator, had a 100% increase from 2020. The Coronavirus (COVID-19) Pandemic had a significant impact on occupational health and safety at SuniTAFE in 2021. The Pandemic Response Group was formed in early March 2020, and proceeded to formulate policy, procedures, and practices to ensure the safety of SuniTAFE staff, students, contractors, and visitors in response to the pandemic. The Pandemic Response Group ensured that each SuniTAFE site had a current COVID Safe Plan and was compliant with government directions.

Measure	KPI	2021	2020	2019	2018
Incidents and Injuries	Incident Employee Minor	2 (0.73/100FTE)*	7 (2.65/100FTE)	8 (2.93/100FTE)	4 (1.65/100FTE)
	Incident Employee Significant	2 (0.73/100FTE)	3 (1.13/100FTE)	0 (0/100FTE)	5 (2.07/100FTE)
	Incident Student Minor	2	10	5	25
	Incident Student Significant	3	3	6	8
Claims	WorkCover Claims	0 (0/100FTE)	4 (1.51/100FTE)	0 (0/100FTE)	2 (0.83/100FTE)
	Lost Time (days)	0	33	0	227
Claim Costs	Total paid on claims	\$93,186.76	\$10,523	**\$229,326	\$50,708
	Average cost per claim	\$31,062.25	\$2,631	\$76,442	\$5,534
	WorkCover premium	\$241,535	\$201,257	\$152,370	\$101,736
	Premium Rate	0.8553%	0.8553%	0.6579%	0.5060%
	Industry premium rate	0.9890%	0.7950%	0.9577%	0.6924%
Risk Management	Hazards Identified and Managed	24 (8.8/100FTE)	12 (4.54/100FTE)	17 (6.24/100FTE)	36 (9.5/100FTE)

* 272.8 FTE

**Claims costs relate to injuries from 2018 and 2017

Financial summary

Comparative results 2017 – 2021

Consolidated Entity (\$'000)	2021	2020	2019	2018	2017
Operating Revenue	36,183	32,312	37,861	34,175	28,573
Operating Expenses	37,123	37,041	35,057	29,034	28,111
Operating Result before Other Economic Flows	(940)	(4,729)	2,804	5,141	462
Other economic flows included in Net Result	(49)	289	(573)	(788)	277
Net Result	(989)	(4,440)	2,231	4,353	739
Gain/(Loss) on Revaluation of Assets	4,082	43	(5,710)	0	3,455
Comprehensive Result	3,093	(4,397)	(3,479)	4,353	4,194
Accumulated Profit before 1st January	14,361	18,801	16,720	12,367	11,628
Transfers from Reserves	(144)	-	(150)	-	-
Accumulated Profit 31st December	13,228	14,361	18,801	16,720	12,367

Summary of significant changes to financial performance during the year

For the financial year ended 31 December 2021, the Institute recorded a consolidated loss of \$989 thousand. Total income achieved for 2021 was \$36.183 million, compared to \$32.312 million for 2020. Operating income has increased by \$3.871 million, which is an increase of 10.70%. Expenditure for 2021 totalled \$37.123 million compared to \$37.041 million for 2020, an increase of \$82 thousand, which is an increase of 0.22%.

Overall employee expenses increased by \$73 thousand, an increase of 0.28%, and non-salary expenses increased by \$9 thousand for 2021, an increase of 0.08%. Financially 2021 was a challenging year for Sunraysia Institute of TAFE, with some revenue targets not met. The financial information provided in this report is consistent with that provided in the Financial Statements.

Financial Position

Consolidated Entity (\$'000)	2021	2020	2019	2018	2017
Accumulated Surplus 31st December	13,228	14,361	18,801	16,720	12,367
Reserves	31,260	23,096	23,053	28,763	28,736
Contributed Capital	6,997	6,997	6,997	6,997	6,997
Net Worth	47,403	44,454	48,851	52,480	48,127
Assets	62,237	56,944	61,420	62,487	59,172
Liabilities	14,834	12,490	12,569	10,007	11,045
Net Assets	47,403	44,454	48,851	52,480	48,127

The Institute's financial position is reflected in its balance sheet. A key indicator of the Institute's financial position is determined from its net assets (assets less liabilities), which is equal to its net worth. At 31 December 2021, the Institute's net worth increased from the previous year, with consolidated net assets and net worth increasing by 6.22% to \$47.403 million.

Other Disclosures

Freedom of Information

SuniTAFE has implemented procedures which, subject to privacy and confidentiality provisions, facilitate all reasonable requests for information from students, staff and the general public, without recourse to the *Freedom of Information Act 1982*. During 2021, SuniTAFE received one Freedom of Information (FOI) request from a Member of Parliament. A decision on the request was made within the statutory time period to decide the request.

Section 17 of the Act sets out the formal requirements for making a request. To lodge an online FOI request, visit the Freedom of information website at www.ovic.vic.gov.au

SuniTAFE is also able to accept FOI requests directly. Requests for documents in the possession of SuniTAFE should be addressed to:
Freedom of Information Officer
Sunraysia Institute of TAFE
PO Box 1904
Mildura VIC 3502
quality@sunitafe.edu.au

Access charges may be applicable, and could include charges for search time, supervision and/or photocopying /digital scanning.

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and www.ovic.vic.gov.au

Compliance with the Building Act 1993

SuniTAFE takes all reasonable steps to ensure that the buildings conform to relevant building standards and codes; including the *National Construction Code (NCC)*, the *Victorian Building Act 1993*, and *Victorian Building Regulations 2006*.

SuniTAFE buildings in existence prior to the introduction of the *Building Act 1993* comply with the relevant building regulations existent at that time. SuniTAFE's ongoing maintenance programs and any improvements or alterations to buildings are completed in a manner compliant with the relevant requirements of the *Building Act 1993*.

SuniTAFE retains all plans and documentation for building extensions and new buildings. Upon completion of construction, the TAFE obtains Certificates of Occupancy and Final Inspection from the relevant Building Surveyors.

National Competition Policy

SuniTAFE has established mechanisms to ensure that the National Competition Policy including the requirements of the following Government Policy Statements are observed; 'Competitive Neutrality: Statement of Victorian Government Policy' and 'Victorian Government Timetable for the Review of Legislative Restrictions on Competition' and any subsequent reforms.

Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and for rectification action to be taken.

SuniTAFE does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment. SuniTAFE will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible. No disclosures of improper conduct or detrimental action were referred to or from the Ombudsman or taken over by the Ombudsman. There were no recommendations made by the Ombudsman under the Act that related to SuniTAFE.

Carers Recognition Act 2012

SuniTAFE has taken all practical measures to comply with its obligations under the Carers Recognition Act 2012 to ensure staff have an awareness and understanding of the care relationship principles set out in the Act. SuniTAFE has an equal opportunity policy in place that entitles staff to reasonable flexibility in working arrangements where needed to accommodate their carer responsibilities.

In delivering services to the community, SuniTAFE is guided by its access and equity policy, which promotes adherence to the principles of access and equity, and directs that SuniTAFE practices be inclusive and should not unreasonably prevent individuals from accessing

services or participating in learning. Staff and/or students in a carer's role are encouraged to access a range of services offered by SuniTAFE, including Student Support Services such as counselling, disability support and participation services. New staff are made aware of these policies as part of their induction.

Consultancies

In 2021, there were four consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021 in relation to these consultancies was \$14,265 (ex GST).

In 2021, there were seven consultancies where the total fees payable to the consultants was more than \$10,000. The total expenditure incurred during 2021 in relation to these consultancies was \$422,688 (ex GST).

Details of individual consultancies (valued at \$10,000 or greater) can be viewed at: <https://www.sunitafe.edu.au/about/reports-registration/>

ICT Expenditure

Details of ICT Expenditure for 2021 (full year)

BAU ICT expenditure Total	Non-BAU expenditure Total =A+B	Operational Expenditure A	Capital Expenditure B
\$3,647,696	\$-	\$-	\$-

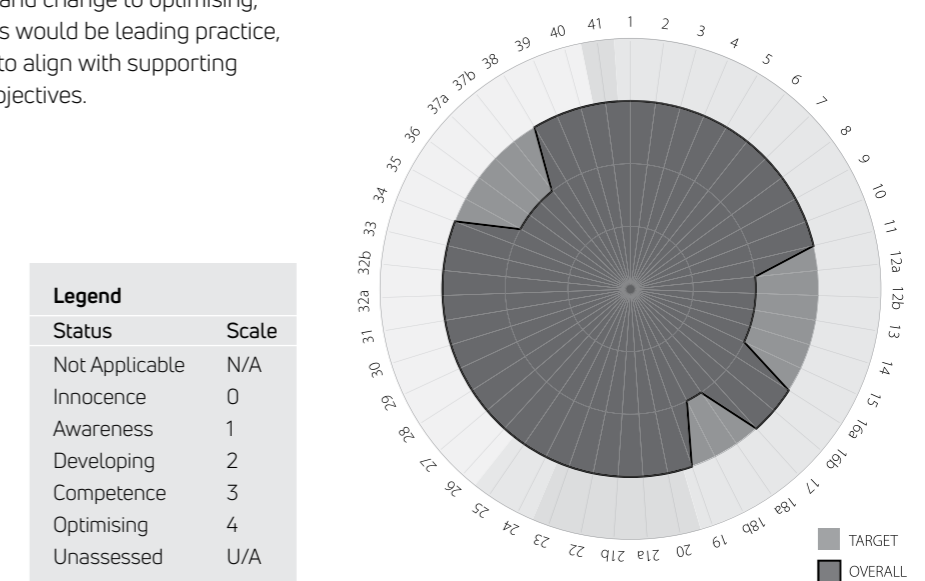
Asset Management Accountability Framework (AMAF) Maturity Assessment

SuniTAFE has a 'developing' to 'competent' asset management maturity assessment overall rating for 2021-2022, mostly satisfying the Asset Management Accountability Framework (AMAF) mandatory requirements. SuniTAFE's target maturity rating is 'Competent', meaning systems and processes meet the requirements.'

While SuniTAFE's current target maturity rating is 'competent', once this target has been fully met, we will re-evaluate our target maturity and change to optimising, meaning systems and processes would be leading practice, and constantly being improved to align with supporting and driving the organisation's objectives.

SuniTAFE aggregated the results of its five key asset classes using a weighted risk-based approach, considering the asset class value and criticality to service delivery.

Based on the aggregation methodology, the consolidated asset maturity assessment for SuniTAFE's assets has a rating of 'competent' while continually working on developing a number of processes and systems that are currently 'partially compliant' against target rating of 'competent', set out in the below diagram:



Maturity assessment requirements	Assessment
Leadership and accountability (1-19)	SuniTAFE has met its target maturity level in this category in most requirements. There is no material non-compliance in this category.
Asset Planning (20-23)	SuniTAFE has complied with all the requirements in this category.
Asset Acquisition (24-25)	SuniTAFE has complied with all the requirements in this category.
Asset Operation (26-40)	SuniTAFE has met its target maturity level in this category in most requirements. There is no material non-compliance in this category.
Asset Disposal (41)	SuniTAFE has met its target maturity level in this category.

Environmental Performance

	Mildura Campus	Swan Hill Campus	Robinvale Campus	Cardross Campus	Horsham Campus	Total
Gross Useable Floor Area - m2	19,999	6,206	476	1,486	5,176	33,343.0

Gas and Electricity		Unit of Measure	Total			
E1	Total energy usage segmented by primary Sources (including green power)	Megajoules Gas	3,142,379.00			
		Megajoules Electricity	4,973,840.76			
E2	Greenhouse gas emissions associated with energy use, segmented by primary source	Tonnes CO2-e Gas	140			
		Tonnes CO2-e Electricity	1,533			
E3	Percentage of electricity Green Power	%	2			
E4	Units of energy per FTE	Megajoules / FTE	29,752			
E5	Units of energy per office area	Megajoules / m2	243			
Waste Production						
Ws1	Total units disposed of by destination	Landfill (kg)	178,876.00			
		Recycle (kg)	13,615			
Ws2	Units disposed per FTE by destination	Landfill (kg)	699			
		Recycle (kg)	50			
Ws3	Recycling rate of total waste	%	0.1			
Ws4	Greenhouse gas emissions waste disposal	Tonnes CO2-e	74			
Paper Use						
P1	Total units of A4 equivalent copy paper used	Reams	3,835			
P2	Total units of A4 copy paper used per FTE	Reams / FTE	14			
P3	Recycled content in copy paper purchase	%	50			
Water						
W1	Water consumed by water source	Kilolitres	103,955			
W2	Water consumed in offices per FTE	Kilolitres / FTE	381			
W3	Water consumed in offices per area	Kilolitres per m2	3			
Transportation		ULP	DIESEL	HYBRID		
T1	Energy consumption by operational vehicles	GJ	243.17	560.97	N/A	804
T2	Travel associated with entity operations	km	8,7590	138,067	6,934	232,591
T3	Greenhouse gas emissions from vehicle fleet	Tonnes CO2-e	16.77	39.76	.83	57.37
T4	Greenhouse gas emissions from vehicle fleet per 1,000kms	Tonnes CO2-e	.19	.29	0	.48
T5	Total distance travelled by air					30,001
T6	Employees using public transport					2
Greenhouse Gas Emissions						
G1	Emissions associated with energy use	Tonnes CO2-e				1,673
G2	Emissions associated with vehicle fleet	Tonnes CO2-e				57
G3	Emissions associated with air travel	Tonnes CO2-e				7.9
G4	Emissions associated with waste disposal	Tonnes CO2-e				74
G5	Emissions associated with offsets purchased	Tonnes CO2-e				7
G6	Total Greenhouse gas emissions: energy, waste, vehicle	Tonnes CO2-e				1,820

Additional Information available on request in compliance with the requirements of the Standing

Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by the Institute and are available on request from the Accountable Officer, subject to the provisions of the Freedom of Information Act 1982.

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained; (d) details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors including:
 - consultants/contractors engaged;
 - services provided; and
 - expenditure committed to for each engagement

Enquiries about details of any of the items mentioned should be made in writing and addressed to:

Chelsea Diana
 Manager, Compliance & Risk
 Sunraysia Institute of TAFE PO Box 1904
 Mildura Victoria 3502
 cdiana@sunitafe.edu.au

Local Jobs First

The *Local Jobs First Act 2003* required departments and public sector bodies to apply the Local Jobs First policy to all projects over \$3 million in metropolitan Melbourne or state-wide, and \$1 million in regional Victoria. In 2021 there were no projects commenced or completed.

Major Commercial Activity

Major Commercial Activity - replace wording with:
 Two major commercial activities continued at SuniTAFE in 2021, the Undercroft Project; and the Carpark, Road and Stormwater Project. These projects were funded through the 2020 TAFE Asset Maintenance Fund to carry out essential upgrades to learning facilities and amenities. These activities were \$6.328m. This is reported within the 2021 SuniTAFE Annual Report in accordance with Section 45 of the Financial Management Act 1994, together with matters listed under Commercial Guideline 10 (clause 27).

Controlled Entities

Under section 45 of the *Financial Management Act 1994* a copy of the accounts of TAFE Kids Inc. prepared in accordance with the requirements of the *Financial Management Act 1994* is included in the audited Financial Report; Note 9.3.

Compliance With Other Legislation

SuniTAFE complies with all relevant legislation and subordinate instruments including, but not limited to the following:

- Education and Training Reform Act 2006 (ETRA) (Vic)
- TAFE Institute Constitution
- Directions of the Minister for Training and Skills (or predecessors)
- TAFE Institute Commercial Guidelines
- TAFE Institute Strategic Planning Guidelines
- Public Administration Act 2004 (Vic)
- Financial Management Act 1994 (Vic)
- Freedom of Information Act 1982 (Cth)
- Building Act 1993 (Vic)
- Public Interest Disclosures Act 2012 (Vic)
- Carers Recognition Act 2012 (Vic)
- Local Jobs First Act 2003 (Vic)

Non-Academic Student Fees

Non-Academic Student Fees
 Materials fees are charged separately to tuition fees at time of enrolment. Materials fees cover the actual cost of essential materials and other items provided by SuniTAFE that are required for students to undertake their course. Material fees are set annually by each education unit and vary from course to course. In 2021, total materials fees were \$671,800. A list of fees and charges is available on SuniTAFE's website www.sunitafe.edu.au

Victorian Public Service Travel Policy

SuniTAFE has formal mechanisms in place to ensure that all travel by employees is approved and undertaken in accordance with the Victorian Public Service Travel Policy and the Australian Tax Office guidelines.



Compliance Attestation

Sunraysia Institute of TAFE Financial Management Compliance Attestation Statement

I, Kay Martin, on behalf of the Responsible Body, certify that for the period 1 January 2021 to 31 December 2021, the Sunraysia Institute of TAFE has no Material Compliance Deficiency with respect to the applicable Standing Directions made under the Financial Management Act 1994 and Instructions.

Kay Martin
Board Chair
Sunraysia Institute of TAFE
22/2/2022



Financial Statements

Sunraysia Institute of TAFE Performance Statement Declaration

Declaration by Board Chair Chief Executive Officer and Chief Finance and Accounting Officer

In our opinion, the accompanying Statement of Performance of Sunraysia Institute of TAFE, in respect of the year ended 31 December 2021, is presented fairly.

The Statement outlines the performance indicators as determined by the responsible Minister, pre-determined targets where applicable, the actual results for the year against these indicators, and an explanation of any significant variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance which would render any particulars in the Statement to be misleading or inaccurate.

Kay Martin,
Board Chair
18/3/2022
Sunraysia Institute of TAFE

Diane Schmidt,
Acting Chief Executive Officer
Chief Finance and Accounting Officer
18/3/2022
Sunraysia Institute of TAFE



Independent Auditor's Report

To the Board of Sunraysia Institute of TAFE

Opinion	<p>I have audited the accompanying performance statement of Sunraysia Institute of TAFE (the institute) which comprises the:</p> <ul style="list-style-type: none"> • performance statement for the year ended 31 December 2021 • declaration by Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer <p>In my opinion, the performance statement of Sunraysia Institute of TAFE in respect of the year ended 31 December 2021 presents fairly, in all material respects.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance statement	<p>The Board is responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p>

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
25 March 2022

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Key Performance Indicators

Indicator Title	Description and Methodology	Measure	2021 Target	2021 Actual	Explanation of Variances	Prior Year Result
Training Revenue Diversity	Breakdown of training revenue by: Government Funded (GF) Fee for Service (FFS) Student Fees and Charges	%	65.2% 18.0% 16.8%	60.5% 24.3% 15.2%	In 2021 SuniTAFE set a target that was based on an expectation of substantial growth in Government funded revenue which would therefore reduce FFS income proportionately, however due to the external impact of COVID-19 plus a corresponding increase in Job Ready Program income, the income allocation expected in the budget was not achieved.	61.3% 23.6% 15.1%
Employment costs as a proportion of training revenue	Employment and third-party training delivery costs as a proportion of training revenue	%	135.3%	147.8%	Employment and third-party training delivery costs is directly related to number of students per class. Due to COVID-19 impact student numbers were below expectation which directly impacts revenue associated per teacher. However, SuniTAFE closely managed and minimised any cost increasing in respect to employment and non-completing students in many cases have re-enrolled in 2022.	118.0%
Training revenue per teaching FTE	Training Revenue (excl. third-party) per Teaching FTE	\$	\$156,957	\$136,710	Training revenue per teacher FTE decreased for the same reasons as detailed above. Critical delivery was maintained due to perceived community need and job outcomes.	\$171,259
Operating margin percentage	Operating margin % EBIT (excl. capital contributions) / Total revenue (excl. capital contributions)	%	(37.4%)	(7.6%)	Variance primarily attributed to unbudgeted State Government funding which was received during 2021.	(14.2%)

Sunraysia Institute of TAFE Financial Report for The Year Ended 31 December 2021

Declaration by Board Chair Chief Executive Officer and Chief Finance and Accounting Officer

The attached financial statements for the Sunraysia Institute of TAFE and the consolidated entity have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2021 and financial position of the Institute and the consolidated entity as at 31 December 2021.

At the date of signing this financial report, we are not aware of any circumstances that would render any particulars.

The Board Chair, Chief Executive, and Chief Finance and Accounting Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Sunraysia Institute of TAFE.



Kay Martin,
Board Chair
18/3/2022
Sunraysia Institute of TAFE



Diane Schmidt,
Acting Chief Executive Officer
Chief Finance and Accounting Officer
18/3/2022
Sunraysia Institute of TAFE

Independent Auditor's Report

To the board of Sunraysia Institute of TAFE



Opinion I have audited the financial report of Sunraysia Institute of TAFE (the institute) which comprises the:

- balance sheet as at 31 December 2021
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- declaration by the Board Chair, Chief Executive Officer and Chief Finance and Accounting Officer.

In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the institute to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the institute and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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Comprehensive Operating Statement

For the year ended 31 December 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
CONTINUING OPERATIONS			
<u>Revenue and income from transactions</u>			
Revenue from government contributions - operating	2.1.1	25,151	21,233
Income from government contributions - capital	2.1.2	1,765	-
Revenue from fees, charges and sales	2.2	7,230	8,764
Other revenue and income	2.3	2,037	2,314
Total revenue and income from transactions		36,183	32,311
<u>Expenses from transactions</u>			
Employee benefits	3.1.1	25,898	25,825
Depreciation and amortisation	3.6	2,503	2,318
Supplies and services	3.3	6,049	5,789
Finance costs	3.5	102	127
Other operating expenses	3.4	2,571	2,982
Total expenses from transactions		37,123	37,041
Net result from transactions		(940)	(4,730)
<u>Other economic flows included in net result</u>			
Net (loss) on non-financial assets	4.1.3	(72)	(11)
Other (losses)/gains from other economic flows	9.1b	(10)	107
Net gain on financial instruments	9.1a	33	193
Total other economic flows included in net result		(49)	289
Net result		(989)	(4,441)
<u>Other economic flows - other comprehensive income</u>			
Items that will not be reclassified to net result			
Gain on revaluation of physical assets		4,082	43
Comprehensive result		3,093	(4,398)

Balance Sheet

As at 31 December 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
ASSETS			
<u>Financial assets</u>			
Cash and deposits	6.1	10,518	10,221
Receivables	5.1	1,081	1,721
Investments and other financial assets	4.4	40	40
Total financial assets		11,639	11,982
<u>Non-financial assets</u>			
Property, plant and equipment	4.1	44,947	39,184
Right of use assets	6.4	3,173	3,149
Intangible assets	4.2	1,044	1,391
Other non-financial assets	5.2	1,434	1,238
Total non-financial assets		50,598	44,962
Total assets		62,237	56,944
LIABILITIES			
Payables	5.3	487	694
Contract liabilities	5.4	241	525
Employee provisions	5.5	4,052	3,484
Other liabilities	5.4	3,547	713
Borrowings	6.2	3,486	3,827
Lease liabilities	6.4	3,021	3,247
Total liabilities		14,834	12,490
Net assets		47,403	44,454
EQUITY			
Accumulated surplus		13,227	14,361
Contributed capital	6.3	6,997	6,997
Reserves	9.2	27,178	23,096
Net worth		47,402	44,454

Statement of Changes in Equity

For the year ended 31 December 2021

	Physical assets revaluation surplus \$'000	Accumulate d surplus \$'000	Contribution s by owner \$'000	Total \$'000
Consolidated				
As at 1 January 2020	23,053	18,801	6,997	48,851
Net result for the year	-	(4,730)	-	(4,730)
Other economic flows - other comprehensive income	43	289	-	332
Total comprehensive income	43	(4,441)	-	(4,398)
Year ended 31 December 2020	23,096	14,360	6,997	44,453
Net result for the year	-	(989)	-	(989)
Other economic flows - other comprehensive income	4,082	-	-	4,082
Total comprehensive income	4,082	(989)	-	3,093
Transfer from accumulated surplus	-	(144)	-	(144)
Year ended 31 December 2021	27,178	13,227	6,997	47,402

Cash Flow Statement

For the year ended 31 December 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government contributions		25,394	20,591
Receipts from customers - fees, charges and sales		8,716	11,360
Goods and services tax recovered from the ATO		951	1,222
Interest received		30	3
Other receipts		2,335	1,150
Capital grants received		3,960	440
Total receipts from operating activities		41,386	34,766
Payments			
Payments to employees		(25,334)	(25,149)
Payments to suppliers		(9,857)	(11,135)
Goods and services tax paid to the ATO		(1,371)	(1,658)
Short-term, low value and variable lease payments		(95)	(132)
Interest paid – lease liability		(102)	(127)
Total payments from operating activities		(36,759)	(38,201)
Net cash flows from / (used in) operating activities	6.1.1	4,627	(3,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemptions of investments		-	388
Payments for property, plant and equipment		(3,971)	(2,039)
Proceeds from sales of non-financial assets		223	-
Net cash flows (used in) investing activities		(3,748)	(1,651)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(459)	(209)
Payment of lease liabilities		(123)	(175)
Net cash flows (used in) financing activities		(582)	(384)
Net increase / (decrease) in cash and cash equivalents		297	(5,470)
Cash and cash equivalents at beginning of year		10,221	15,691
Cash and cash equivalents at end of year	6.1	10,518	10,221

1. ABOUT THIS REPORT

Sunraysia Institute of TAFE is a statutory body corporate, established pursuant to an Act made by the Victorian Government under the Education and Training Reform Act 2006 Section 3.1.12.

Its registered office and principal address is:
Sunraysia Institute of TAFE
453 Benetook Ave
MILDURA, VIC 3500
Australia

1.1 Basis of preparation

These financial statements are presented in Australian dollars, the functional and presentation currency of Sunraysia Institute of TAFE ("the TAFE") and its controlled entities, TAFE Kids Inc. These financial statements have been prepared in accordance with the historical cost convention, unless a different measurement basis is specifically disclosed in the notes associated with the item measured on a different basis. Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the financial information being presented. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements made by management in the application of Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 7.3);
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.1);
- determining whether government contributions received should be recognised as revenue under AASB 15 or income under AASB 1058 depending on whether the performance obligations within the contract are assessed as sufficiently specific and measuring the TAFE's satisfaction of a performance obligation (refer to Note 2.2);
- AASB 16 *Leases* and the requirements to determine the lease term to the extent that extension options are certain (refer to Note 6.4); and
- whether the TAFE has control over TAFE Kids Inc. (refer to Note 9.3)

These financial statements cover the TAFE and its controlled entities as an individual reporting entity and include all the controlled activities of the TAFE.

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

1. ABOUT THIS REPORT

Basis of consolidation

In accordance with AASB 10 *Consolidated Financial Statements*, the TAFE consolidates its controlled entities on the basis that control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of entities included in the consolidated financial statements are from the date on which control commences until the date on which control ceases.

In preparing consolidated financial statements for the TAFE, all material transactions and balances between consolidated entities are eliminated.

Economic Dependency

The TAFE is dependent on the continued financial support of the State Government and in particular, the Department of Education and Training.

Funding risk

Funding risk is the risk of over-reliance on a particular funding source to the extent that a change in that funding source could impact on the operating results of the current year and future years.

The TAFE has substantial economic dependency on Government operating and capital contributions.

The TAFE manages funding risk by continuing to diversify and increase funding from commercial activities.

There has been no significant change in the TAFE's exposure, or its objectives, policies and processes for managing funding risk or the methods used to measure this risk from the previous reporting period.

Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

1.2 Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable AAS, which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

For the purposes of preparing financial statements, the TAFE is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

1. ABOUT THIS REPORT

1.3 Impact of COVID-19

The coronavirus (COVID-19), which was declared a global pandemic in March 2020, continued to evolve in 2021.

Various restrictions such as lockdowns and closure of the state's borders continue to be enforced and implemented by the government as required to contain the spread of the virus and to prioritise the health and safety of our communities. These actions have in turn, continued to impact the manner in which businesses operate, including the TAFE and controlled entities.

Consistent with the prior year, the effects of COVID-19 continued to have a material impact on the operations of the TAFE and as a consequence has resulted in a number of material impacts on the performance of the TAFE as well as the judgements and estimates used in assessing balances.

The TAFE continued to conduct classes through remote learning where possible, hold examinations online, place restrictions on non-essential work, perform COVID-19 testing and implement work from home arrangements where appropriate.

The key impacts on the appropriateness of the going concern basis of accounting, performance of the business as well as various accounting treatments and estimates are summarised below and disclosed in subsequent notes where relevant and material.

The key impacts on the performance is summarised as follows:

Basis of preparation

TAFE has a sound financial position, with net asset position of \$47.4m (2020: \$44.45m), a net current asset position of \$13.03m (2020: \$13.18m), and positive operating cash flows of \$4.63m (2020: -\$3.44m) and ongoing State Government support. Considering the TAFE's financial position, together with the impacts of COVID-19 on the business as discussed below, the TAFE has concluded it is appropriate to prepare the financial statements on a going concern basis.

Revenue and other income

The Department of Education and Training provided Business Continuity Grants during 2021 to assist the TAFE with its immediate response to the pandemic, provide support to retain staff, assist with the TAFE's continued transition to online and remote learning and to maintain government funding at pre-pandemic levels. This is further discussed in Note 2.1.

COVID-19 has also had a direct impact on the way classes have been conducted by the TAFE and as a consequence has impacted student enrolments in various courses.

Expenses

The TAFE daily activities were impacted by the pandemic. This resulted in direct and indirect costs being included, such as additional staffing costs for new or expanded services, additional supplies and consumables for staff and students, and staffing costs for replacement and maintenance of core staffing. Similarly, cost reductions have occurred such as reductions in building maintenance.

Employee provisions

COVID-19 forced the cancellation of a number of instances of planned leave by staff. Additionally staff have been unable to take leave during the Victorian state lockdown. As a result, the leave provisions have increased by \$568k (2020: \$343k). This is further discussion in Note 5.5.

Liquidity risk

The impact of the COVID-19 pandemic on the TAFE finances is expected to continue in 2022, which may require the TAFE to draw on any cash holding to cover operating costs.

The TAFE's ability to meet its financial obligations has benefited from the Department of Education and Training deferring quarterly repayments due on its Government loan until 2023.

Credit risk

There is no evidence the COVID-19 pandemic had an impact on the TAFE's ability to collect its receivables.

1. ABOUT THIS REPORT

The key impacts on accounting treatments and estimates are as follows:

Allowance for expected credit losses

Although both local and international students have been impacted by the pandemic, the TAFE has not experienced a decline in the collectability of its trade receivables. Where students are experiencing financial difficulty, the TAFE has allowed for payments to be made in accordance with a payment plan. The number of students on payment plans remain consistent on prior year. The TAFE monitors payments made under the plan and noted that for the majority of students on a plan, payments continue to be made in line with schedule. These factors, including the continued impact of the pandemic on students' payment history has been considered in determining the expected credit loss for the 2021 financial year.

It should also be noted that the TAFE has the right to cancel a student's enrolment and prohibit them from undertaking new courses in situations where there are unpaid fees or outstanding debts.

Fair value of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 1031. A full revaluation of education assets normally occurs every five years, with this last occurring for the year ended 31 December 2017. Due to COVID-19, there is an increased element of estimation uncertainty with regard to the fair values of the TAFE's non-financial physical assets. This is further discussed in Note 7.3.

Exceptions to the fair value measurement policy as described above include:

- right-of-use assets that arise from below market (including peppercorn) leases, which are to be measured at cost in accordance with FRD 123;
- assets under construction which are measured under cost unless they relate to service concession arrangement assets which shall be measured at current replacement cost; and
- assets where the TAFE has received the prior written approval of the Assistant Treasurer to be measured at cost

2. HOW WE EARNED OUR FUNDS

2.1 Government contributions

2.1.1 Revenue from government contributions

	Consolidated	
	2021 \$'000	2020 \$'000
Grants and other transfers		
Government contributions – operating		
State government – contestable	10,531	13,150
State government – other contributions	14,588	7,834
Commonwealth government - other contributions	32	249
Total government contributions – operating	25,151	21,233

Significant judgement is applied to assess if a grant or contract is enforceable and contains sufficiently specific performance obligations.

Revenue from government contributions

Where grants or contracts are recognised over time, the input method of costs incurred-to-date will be used to measure progress towards satisfaction of the performance obligation. The nature of the service or product and its satisfaction is directly related to the expert knowledge used to provide the service or produce the product. Costs incurred-to-date mainly comprise salaries accordingly, costs incurred-to-date is the best measure of the transfer of control over the service or product. Where government contributions has been received for services to be delivered in the following year, these amounts are deferred as a contract liability (Note 5.4).

Revenue is measured at the amount of consideration to which the TAFE expects to be entitled in exchange for transferring promised goods or services to a customer. Specific revenue recognition criteria are set out below.

Revenue Type	Nature	Performance obligation	Timing of satisfaction
State government – contestable	Refers to contributions received from a limited pool of government funding for which the TAFE must compete with other registered training providers. Funding is allocated primarily through a competitive tendering process and a 'User Choice' system.	Provision of education services	Over time, as the student receives and consumes the educational services
State government – other contributions	Refers to funding such as specific-purpose grants and additional contributions relating to students who are eligible for concession discounts.	These categories meet the criteria to be recognised as a contract with a customer if the below facts and circumstances exist. Otherwise, they are recognised as income on receipt or when the right to receive payment is established.	
		Provision of a final product. For example, a conceptual framework with measures or an evaluation report containing data and recommendations.	At the point-in-time when the final product is delivered.
		Provision of a specific number of internships with an industry partner.	Where the customer controls the benefit throughout the agreement term, the revenue will be recognised over time as the service is provided. Over time as each internship is being completed. Transaction price is the amount agreed with the customer for each internship.

2. HOW WE EARNED OUR FUNDS

2.1.2 Income from government contributions

	Consolidated	
	2021 \$'000	2020 \$'000
Government contributions		
State government – capital	1,765	-
Total government contributions - capital	1,765	-

Income Type	Nature	Performance obligation	Timing of satisfaction
State government – capital	Where the TAFE receives a financial asset to construct or acquire a non-financial asset which is to be retained and used by the TAFE.	Whilst the TAFE has an obligation to acquire or construct a non-financial asset, such transactions are accounted for following specific guidance under AASB 1058.	When the asset is acquired. Or Over time, as the building or facility is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction are the best measure of the stage of completion of the building. Where government contributions has been received for services to be delivered in the following year, these amounts are deferred as a liability (Note 5.4).

2. HOW WE EARNED OUR FUNDS

2.2 Revenue from fees, charges and sales

	Consolidated	
	2021	2020
	\$'000	\$'000
Student fees and charges	2,650	3,307
Fee for service – government	3,599	3,985
Fee for service – international operations – onshore	605	867
Fee for service – other	40	293
Other non-course fees and charges		
Sale of goods	336	312
Total revenue from fees, charges and sales	7,230	8,764

The following table provides a breakdown of contractual sales with customers based on the timing of revenue recognition:

	Consolidated	
	2021	2020
	\$'000	\$'000
Revenue recognised over time	6,854	8,159
Revenue recognised at a point in time	376	605
Total revenue from fees, charges and sales	7,230	8,764

The timing of satisfaction of a sufficiently specific performance obligation and the amount of revenue to be allocated to each performance obligation involves significant judgement. The accounting policy below outlines the material performance obligations and, how and when these are satisfied.

Revenue for student fees and charges is recognised as the course is delivered to the student and is measured as the amount the TAFE expects to be entitled to. Any fee waivers are recognised as a reduction in the amount of revenue recognised. Where revenue has been received for programs or services to be delivered in the following year, these amounts are deferred as a contract liability.

Other non-course fees and charges are recognised as the service is delivered to the student or the public. For example, rent and student accommodation revenue is recognised as the TAFE provides the accommodation or use of the space to the student or the public.

The TAFE uses performance obligations as set out in project plans to recognise revenue over time in line with AASB 15.

2. HOW WE EARNED OUR FUNDS

Revenue Type	Nature	Performance obligation	Timing of satisfaction
Student fees and charges	The TAFE provides educational services to the general public.	Provision of education services	Course fees and charges revenue is recognised over time as the course is delivered to the student and is measured as the amount the the TAFE expects to be entitled to. Any fee waivers are recognised as a reduction in the amount of revenue recognised. Where revenue has been received for programs or services to be delivered in the following year, these amounts are deferred as a contract liability.
Fee for service – government, international operations	Fee for service relates to course fees funded by government or students.	Provision of services	Revenue is recognised over time by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as a contract liability.
Fee for service – other	Relates to non-course fees and charges. Ancillary services such as rental of facilities and resources.	Provision of services	Other non-course fees and charges are recognised either over time or at a point in time as or when the service is delivered to the student or the public. For example, rent is recognised over time as the TAFE provides the use of space to the public.
Revenue from sale of goods		Delivery of goods	Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers. Sales are recognised based on the contractual price, net of any discounts (if applicable). Payment of transaction price is due immediately.

2. HOW WE EARNED OUR FUNDS

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	Consolidated	
	2021 \$'000	2020 \$'000
Funds received in advance	439	704
International students	15	29
Other	40	53
Child care services	31	17
	525	803

Transaction price allocated to remaining performance obligations

All unsatisfied performance obligations are expected to be met in 2022.

The TAFE applies the practical expedient in paragraph 121 of AASB 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Payment terms

The payment terms for student fees are as follows:

- up-front payment via cash, EFTPOS or credit card prior to course commencement;
- payment plan via a third party (Debit success);
- federal government assistance (VET Student Loan); and/or
- invoice to a third party (e.g. a student's employer or workers' compensation provider), where a credit check has been performed on the party being invoiced (payment terms are 21 days).

Students are generally entitled to a refund (less administration fee) if they withdraw from a course within 28 days of enrolment. Students who withdraw after this time are generally not entitled to a refund.

2.3 Other revenue and income

	Consolidated	
	2021 \$'000	2020 \$'000
Revenue recovery		
Childcare revenue	1,439	1,480
Kinder income	116	80
Interest income	29	84
Rental income	209	282
Donations, bequests and contributions	65	167
Other income	179	221
Total other revenue and income	2,037	2,314

Other Revenue Type	Nature	Performance obligation	Timing of satisfaction
Childcare revenue Kinder income		Provision of childcare services	Recognised in the reporting period in which the services are rendered. Where fee for service revenue is received in advance of providing the services the amount received in advance is disclosed as revenue received in advance.

2. HOW WE EARNED OUR FUNDS

Other Income Type	Nature	Performance obligation	Timing of satisfaction
Interest	Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets.	None	Recognised taking into account the effective interest rates applicable to the financial assets
Rental income	The TAFE receives rental income for certain land and buildings leased out to the general public during the semester break period and when the buildings are excess to the current requirement. The TAFE also receives rental income from long term lease arrangements with third parties.	Provision of services	Rental income is recognised on a time proportional basis and is brought to account when the TAFE's right to receive the rental is established.
Donations and bequests	From time to time, generous benefactors may provide donations or gifts to further the objectives of the TAFE. Typically, donations and bequests do not contain performance obligations that are sufficiently specific.	None	Recognised on receipt, when there are no sufficiently specific performance obligations. Typically, the stated purpose of the gift is not specific enough for the requirements of the AASB 15. In the rare circumstance where a gift has a sufficiently specific performance obligation revenue will be recognised when or as the obligation is satisfied.
Other income		Other income is recognised when the TAFE's right to receive payment is established.	

3. HOW WE EXPENDED OUR FUNDS

3.1 Employee benefits

The present value of employee benefit obligations including annual leave, long service leave and on-costs are determined using various assumptions that may differ from actual developments in the future. These include future salary growth rate, future discount rates, tenure of existing staff, and patterns of leave claims.

- Future salary growth rate as per the Department of Treasury and Finance 3.63% (2020: 2.88%);
- Bond discount rates as per the Department of Treasury and Finance 1.692% (2020: 1.008%).

All assumptions are reviewed at each reporting date.

3.1.1 Employee benefits in the comprehensive operating statement

	Consolidated	
	2021	2020
	\$'000	\$'000
Salaries, wages, overtime and allowances	22,017	21,651
Superannuation	2,138	2,535
Payroll tax	365	494
Workers compensation	231	146
Annual leave	537	311
Long service leave	536	601
Termination benefits	91	48
Other	(17)	39
Total employee benefits	25,898	25,825

Employee expenses include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. Superannuation expenses / benefits disclosed above are employer contributions that are paid or payable during the reporting period.

The impact of COVID-19 is further discussed in Note 1.3.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The TAFE recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3. HOW WE EXPENDED OUR FUNDS

3.2 Superannuation

The TAFE employees are entitled to receive superannuation benefits and the TAFE contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

The TAFE does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the state's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive income statement.

The name and details of the major employee superannuation funds and contributions made by the TAFE are as follows:

	Consolidated	
	2021	2020
	\$'000	\$'000
Paid contribution for the year		
Defined benefit plans:		
State Superannuation Fund – revised and new	42	63
Total defined benefit plans	42	63
Accumulation contribution plans:		
VicSuper	840	1,338
Other	1,256	1,134
Total accumulation contribution plans	2,096	2,472
Total paid contribution for the year	2,138	2,535
Contribution outstanding at year end		
Accumulation contribution plans:		
VicSuper	-	11
Total accumulation contribution plans	-	11
Total contribution outstanding at year end	-	11

Accumulation contribution plans

Contributions are expensed when they become payable.

The bases for contributions are determined by the various schemes.

The above amounts were measured as at 31 December of each year; or in the case of employer contributions, they relate to the years ended 31 December.

3. HOW WE EXPENDED OUR FUNDS

3.3 Supplies and services

	Consolidated	
	2021	2020
	\$'000	\$'000
Building repairs and maintenance	1,987	2,146
Communication expenses	291	232
Contract and other services	1,994	1,760
Cost of goods sold / distributed (ancillary trading)	78	123
Fees and charges	883	550
Purchase of supplies and consumables	816	978
Total supplies and services	6,049	5,789

The impact of COVID-19 is further discussed in Note 1.3.

Supplies and services are recognised as expenses in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

3.3.1 Other expenditure commitments

Commitments for future maintenance, repairs or enhancements to investment property in existence at reporting date but not recognised as liabilities are as follows:

	Consolidated	
	2021	2020
	\$'000	\$'000
Payable		
Within one year	1,071	1,160
Later than one year but not later than five years	184	84
Total other expenditure commitments	1,255	1,244
GST payable on the above	114	113
Net other expenditure commitments	1,141	1,131

3. HOW WE EXPENDED OUR FUNDS

3.4 Other operating expenses

	Consolidated	
	2021	2020
	\$'000	\$'000
Audit fees and services	119	145
Equipment below capitalisation threshold	717	1,220
Marketing and promotional expenses	423	423
Staff development	282	139
Travel and motor vehicle expenses	193	205
Utilities	524	573
Variable lease payments not included in the measurement of lease liability	95	132
Expenses relating to short-term leases	81	37
Other	137	108
Total other operating expenses	2,571	2,982

The impact of COVID-19 is further discussed in Note 1.3.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised when they are incurred and reported in the financial year to which they relate.

Audit fees and services relate to costs associated with internal audit services, as well as remuneration to the Victorian Auditor-General's Office for the audit of the financial statements.

3.5 Finance costs

	Consolidated	
	2021	2020
	\$'000	\$'000
Interest on lease liabilities	102	127
Total finance costs	102	127

3.6 Depreciation and amortisation

	Consolidated	
	2021	2020
	\$'000	\$'000
Depreciation of property, plant and equipment	1,917	1,731
Depreciation of right of use assets	239	240
Amortisation of intangible assets	347	347
Total depreciation and amortisation	2,503	2,318

4. THE ASSETS WE INVESTED IN

4.1 Property, plant and equipment

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

In accordance with government purpose classifications (used by the Australian Bureau of Statistics to classify expenses and acquisitions of non-financial assets of the public sector and general government sector), the TAFE's property, plant and equipment are assets used for the purpose of education. Property, plant and equipment includes all operational assets.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
CONSOLIDATED						
Land	2,736	2,350	-	-	2,736	2,350
Buildings	33,395	32,718	(3)	(2,441)	33,392	30,277
Construction in progress	2,076	161	-	-	2,076	161
Plant and equipment	16,147	14,814	(9,638)	(8,747)	6,509	6,067
Motor vehicles	500	722	(358)	(482)	142	240
Land improvements	12	8	(1)	-	11	8
Cultural assets	81	81	-	-	81	81
Net carrying amount	54,947	50,854	(10,000)	(11,670)	44,947	39,184

Refer to 4.1.1 for reconciliation of movements in carrying amount of property, plant and equipment.

Initial recognition

Immediately upon acquisition, items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

Subsequent measurement

Where there is an indication that the value of property, plant and equipment has changed, these assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised by asset category.

Specialised land and specialised buildings: The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

For the majority of the TAFE's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

The fair value of plant, equipment and vehicles is normally determined by reference to the asset's current replacement cost.

The last formal revaluation of land and building assets (including land improvements) were conducted for the year ended 31 December 2017. For the year ended 31 December 2021, an assessment was conducted using indices provided by the Office of the Victorian Valuer-General. The cumulative indexation for the Irymple land parcels was 27% and Swan Hill was 15%, and building assets was 12.55%. Therefore a managerial revaluation was required as a result of this assessment.

4. THE ASSETS WE INVESTED IN

Revaluations of non-financial physical assets

Non-financial physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Assistant Treasurer.

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

4. THE ASSETS WE INVESTED IN

4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

	Land \$'000	Buildings \$'000	Construction in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Land improvements \$'000	Cultural assets \$'000	Total \$'000
Consolidated 2021								
Opening net book amount	2,350	30,277	161	6,067	240	8	81	39,184
Additions	-	34	2,453	1,445	35	4	-	3,971
Revaluations	386	3,696	-	-	-	-	-	4,082
Disposals	-	-	-	(268)	(105)	-	-	(373)
Transfers	-	208	(538)	330	-	-	-	-
Depreciation	-	(823)	-	(1,065)	(28)	(1)	-	(1,917)
Net carrying amount	2,736	33,392	2,076	6,509	142	11	81	44,947
Consolidated 2020								
Opening net book amount	2,307	31,087	389	4,483	336	-	81	38,683
Additions	-	3	403	1,775	-	8	-	2,189
Revaluations	43	-	-	-	-	-	-	43
Transfers	-	6	(631)	687	(62)	-	-	-
Depreciation	-	(819)	-	(878)	(34)	-	-	(1,731)
Net carrying amount	2,350	30,277	161	6,067	240	8	81	39,184

4. THE ASSETS WE INVESTED IN

4.1.2 Capital commitments

These capital commitments are recorded below at their nominal value and inclusive of GST.

	Consolidated 2021 \$'000	2020 \$'000
Payable		
Within one year	5,226	7,211
Total capital expenditure commitments	5,226	7,211
GST payable on the above	475	656
Net capital expenditure commitments	4,751	6,555

As part of the Victorian Government's \$2.7billion Building Works stimulus package the TAFE was successful in securing funding for two major commercial activities to freshen and modernise its primary building assets. The projects are scheduled to be completed during 2022.

4.1.3 Loss on property, plant and equipment

	Consolidated 2021 \$'000	2020 \$'000
Net loss on disposal of property plant and equipment	(72)	(11)
Net loss on disposal of property plant and equipment	(72)	(11)

Net gain/(loss) on non-financial physical assets includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical and intangible assets.

Any gain or loss on disposal of non-financial physical assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

4. THE ASSETS WE INVESTED IN

4.2 Intangible assets

Capitalised software includes expenditure incurred in the development of the Student Management System (SMS) purchased by the TAFE. The software's estimated useful life is ten years and on this basis it will be fully amortised in 2024.

	Consolidated	
	2021 \$'000	2020 \$'000
Software		
Gross carrying amount		
Opening balance	3,468	3,468
Closing balance	3,468	3,468
Gross carrying amount		
Opening balance	(2,077)	(1,730)
Amortisation charge	(347)	(347)
Closing balance	(2,424)	(2,077)
Net carrying amount at end of the year	1,044	1,391

Initial recognition

When recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible assets are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Intangible assets have useful lives of 10 years.

Intangible assets recognised in accordance with AASB 1059 are subsequently measured under the revaluation model.

4. THE ASSETS WE INVESTED IN

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the Comprehensive Operating Statement.

4.3 Depreciation and amortisation

Depreciation and amortisation is provided on software, property, plant and equipment, freehold buildings, and right-of-use assets.

Depreciation and amortisation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Right-of-use assets and leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight-line method.

Depreciation and amortisation methods and useful life used for each class of depreciable assets are:

Class of assets	Useful life	Method
Buildings	40 years (2020: 40 years)	Straight Line
Plant and equipment	3 – 10 years (2020: 3 – 10 years)	Straight Line
Motor vehicles	2 -20 years (2020: 2 - 20 years)	Straight Line
Leasehold improvements	3 – 6 years (2020: 3 – 6 years)	Straight Line
Land improvements	10 – 40 years (2020: 15 – 40 years)	Straight Line
Right of use assets	Lease term (2020: lease term)	Straight Line
Software	10 years (2020: 10 years)	Straight Line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

4.4 Investments and other financial assets

	Consolidated	
	2021 \$'000	2020 \$'000
Current investments and other financial assets		
Term deposits > three months	40	40
Total investments and other financial assets	40	40

4. THE ASSETS WE INVESTED IN

Ageing analysis of investments and other financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000
Consolidated 2021						
Term deposits	40	-	-	-	40	-
Total	40	-	-	-	40	-
Consolidated 2020						
Term deposits	40	-	-	-	40	-
Total	40	-	-	-	40	-

5. BALANCES FROM OPERATIONS

5.1 Receivables

	Consolidated	
	2021 \$'000	2020 \$'000
Current		
Trade receivables	124	517
Loss allowance on trade receivables	(31)	(44)
Other receivables	-	2
Total receivables from contracts with customers	93	475
Statutory		
Amount receivable from Victorian Government	581	1,177
Amount receivable from Commonwealth Government	137	47
GST input tax credit recoverable	270	22
Total other receivables	988	1,246
Total current receivables	1,081	1,721

Receivables consist of:

- statutory receivables, which include predominantly GST input tax credits recoverable and GST input tax credits recoverable; and
- contractual receivables, which include mainly debtors in relation to goods and services.

Receivables other than sale of goods and services are stated exclusive of the amount of GST receivable. Receivables that are contractual are classified as financial instruments. **Statutory receivables are recognised and measured similarly to contractual receivables, but are not classified as financial instruments and are not included in the category of financial assets at amortised cost, because they do not arise from a contract.**

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for any required impairments.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. TAFE holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of current receivables, their carrying amount is considered to be the same as their fair value.

5. BALANCES FROM OPERATIONS

Impairment

The TAFE measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate of credit-losses. Credit losses are measured as the present value of all cash shortfalls.

The movement in the allowance for impairment in respect of trade receivables during the year is shown in the following table.

	Consolidated	
	2021	2020
	\$'000	\$'000
Balance at the beginning of the year	44	56
Amounts written off	(13)	(20)
Net remeasurement of loss allowance	-	8
Balance at the end of the year	31	44

The TAFE is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Ageing analysis of contractual receivables

	Carrying amount	Not past due and not impaired	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2021						
Trade receivables	93	36	37	18	2	-
Total	93	36	37	18	2	-
Consolidated 2020						
Trade receivables	473	432	33	1	7	-
Other receivables	2	2	-	-	-	-
Total	475	434	33	1	7	-

Note: The disclosures above exclude statutory receivables (e.g. GST credits).

The average credit period on sales of goods is 21 days.

There are no financial assets that have their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5. BALANCES FROM OPERATIONS

5.2 Other non-financial assets

	Consolidated	
	2021	2020
	\$'000	\$'000
Current		
Prepayments	1,419	1,216
Inventories	15	22
Total current other non-financial assets	1,434	1,238
Total other non-financial assets	1,434	1,238

Prepayments represent payments in advance of receipt of goods and services, or that part of expenditure made in one accounting period covering a term extending beyond that period.

Inventories include goods and other items held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held-for-distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

5.3 Payables

	Consolidated	
	2021	2020
	\$'000	\$'000
Current		
Contractual		
Supplies and services	473	681
Refund liability	14	-
Total contractual payables	487	681
Statutory		
FBT payable	-	13
Total statutory payables	-	13
Total current payables	487	694

Payables consist of:

- contractual payables, such as accounts payable and refund liabilities. Accounts payable represent liabilities for goods and services provided to the TAFE prior to the end of the financial year that are unpaid, and arise when the TAFE becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payable.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost.

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and are not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

5. BALANCES FROM OPERATIONS

Ageing analysis of contractual payables

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Consolidated 2021	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000
Supplies and services	473	473	473	-	-	-
Refund liability	14	14	14	-	-	-
Total	487	487	487	-	-	-

Consolidated 2020

Supplies and services	681	681	681	-	-	-
Total	681	681	681	-	-	-

Note: The disclosures above exclude statutory payables (e.g. GST payable).

The average credit period is 30 days. No interest is charged on the other payables.

Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.

Due to their short-term nature, the carrying amounts of trade and other payables are considered to be the same as their fair values.

5.4 Contract and other liabilities

Refer to 2.2 for further information around revenue recognised in relation to contract liabilities.

Contract liabilities	Consolidated	
	2021 \$'000	2020 \$'000
Student fees	241	525
Total contract liabilities	241	525

Contract liabilities

Any fees received by the TAFE during the current financial year in respect of performance obligations that have not been satisfied are classified as a liability and recognised as a contract liability.

Other liabilities	Consolidated	
	2021 \$'000	2020 \$'000
Deferred capital grants	2,786	590
Dr Alan Antcliff Memorial Trust	40	40
Funds held in trust	721	83
Total other liabilities	3,547	713

5. BALANCES FROM OPERATIONS

Deferred capital grants

The TAFE has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Contractual	Consolidated	
	2021 \$'000	2020 \$'000
Deferred capital grants at beginning of the year	590	150
Grant consideration for capital works received during the year	3,961	440
Grant consideration recognised as income under AASB 1058	(1,765)	-
Closing balance of deferred capital grants	2,786	590

5.5 Employee benefits in the balance sheet

	Consolidated	
	2021 \$'000	2020 \$'000
Annual leave	1,038	698
Long service leave	2,138	2,085
Total short-term benefits	3,176	2,783
Long service leave	876	701
Total long-term benefits	876	701
Total employee provisions	4,052	3,484

The TAFE's liabilities for long service leave and annual leave, which are classified as either other long-term benefits or short-term benefits.

The TAFE does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

COVID-19 forced the cancellation of a number of instances of planned leave by staff. Additionally staff have been unable to take leave during the Victorian state lockdowns. As a result, the leave provisions have increased by \$568k (2020: \$343k). The impact of COVID-19 is further discussed in Note 1.3.

The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	Consolidated	
	2021 \$'000	2020 \$'000
Unconditional and expected to settle within 12 months	1,407	1,143
Unconditional and expected to settle after 12 months	1,769	1,640
Total current employee provisions	3,176	2,783

6. HOW WE FINANCED OUR OPERATIONS

6.1 Cash and deposits

	Consolidated	
	2021 \$'000	2020 \$'000
Cash at bank and on hand	977	515
Deposits at call	9,541	9,706
Total cash and deposits	10,518	10,221

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

6.1.1 Reconciliation of operating result to net cash flows from operating activities

	Consolidated	
	2021 \$'000	2020 \$'000
Net result for the year	(989)	(4,441)
Non-cash movements		
Depreciation / amortisation of non-financial assets	2,503	2,318
Net loss on sale of non-financial assets	72	11
Government loan discount	89	(188)
(Decrease) in provision for doubtful contractual receivables	-	(12)
Impairment and forgiveness of loans and receivables	1	-
Net gain arising from revaluation of long service leave liability	10	-
Net (loss) on revaluation of financial assets	(123)	-
Prior period adjustment	(144)	-
Movements in assets and liabilities		
Decrease / (increase) in receivables	631	(389)
Decrease in inventories	7	3
(Increase) in prepayments	(337)	(381)
(Decrease) in payables	(199)	(945)
Increase in provisions	557	343
Increase in contract liabilities	1,911	162
Increase in other liabilities	638	83
Net cash flows from / (used in) operating activities	4,627	(3,436)
Per cash flow statement	4,627	(3,435)

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are presented as operating cash flows.

6.2 Borrowings

	Consolidated	
	2021 \$'000	2020 \$'000
Current		
Advances from Government	-	209
Non-current		
Advances from Government	3,486	3,618
Total borrowings	3,486	3,827

Advances from Government

Advances from Government are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

The TAFE has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost.

Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The TAFE determines the classification of its interest bearing liabilities at initial recognition.

Maturity analysis of borrowings

Consolidated 2021	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000
Total	3,486	3,750	-	-	-	3,750
Consolidated 2020						
Advances from Government	3,827	4,025	-	209	-	3,816
Total	3,827	4,025	-	209	-	3,816

The fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 7.3) due to the use of unobservable inputs, including own credit risk.

6.3 Contributed capital

	Consolidated	
	2021 \$'000	2020 \$'000
Balance at 1 January	6,997	6,997
Balance at 31 December	6,997	6,997

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the TAFE.

6.4 Leases

Policy

The TAFE will assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess

- the contract involves the use of an identified asset;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

As a lessee

The TAFE recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The TAFE uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- The TAFE is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- The TAFE's estimate of the amount expected to be payable under a residual value guarantee; or
- The TAFE changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Right of use assets

	Property \$'000	Vehicles \$'000	Other \$'000	Total \$'000
Consolidated 2021				
Balance as at 1 January 2021	2,556	416	177	3,149
Additions	-	448	-	448
Revaluation	126	-	-	126
Disposals	(70)	(114)	(127)	(311)
Amortisation	(82)	(107)	(50)	(239)
Balance as at 31 December 2021	2,530	643	-	3,173

Consolidated 2020

Balance as at 1 January 2020	2,184	516	-	2,700
Additions	-	-	187	187
Revaluation	500	-	2	502
Amortisation	(128)	(100)	(12)	(240)
Balance as at 31 December 2020	2,556	416	177	3,149

Lease liabilities

	Consolidated	
	2021 \$'000	2020 \$'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	117	331
Later than one year but not later than five years	807	885
Later than five years	3,375	3,832
Total undiscounted lease liabilities as at 31 December	4,299	5,048
Future finance charges	(1,278)	(1,801)
Total discounted lease liabilities as at 31 December	3,021	3,247
Current	194	277
Non-current	2,827	2,970
Total lease liabilities	3,021	3,247

Short-term and low value leases

The TAFE recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

7. MANAGING RISKS AND UNCERTAINTIES

7.1 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Categories of financial instruments

	Consolidated	
	2021 \$'000	2020 \$'000
Contractual financial assets		
Financial assets measured at amortised cost		
Cash and deposits	10,518	10,221
Trade receivables	124	517
Other receivables	-	2
Term deposits	40	40
Total contractual financial assets	10,682	10,780
Contractual financial liabilities		
Loans and payables		
Supplies and services refund liability	473	681
Other liabilities	14	-
	761	123
At amortised cost		
Lease liabilities	3,021	3,247
Borrowings (Advances from Government)	3,486	3,827
Total contractual financial liabilities	7,755	7,878

Note: The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

Categories of financial instruments

The TAFE classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets measured at amortised cost are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and for assets, less any necessary impairment).

The TAFE recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables); and
- term deposits.

7. MANAGING RISKS AND UNCERTAINTIES

Financial liabilities at amortised cost are initially recognised on the date they originate. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The TAFE recognises the following liabilities in this category:

- payables (excluding statutory payables);
- borrowings (including finance lease liabilities)
- other liabilities; and
- advances from government.

7.1.1 Financial risk management objectives and policies

The TAFE is exposed to a variety of financial risks, market risk (including interest rate risk and equity price risk), credit risk and liquidity risk.

The TAFE's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the TAFE. The TAFE uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Primary responsibility for the identification and management of financial risks rests with the TAFE's finance function, overseen by the Audit and Risk Management Committee of the TAFE on behalf of the Board.

7.1.2 Credit risk

Credit risk refers to the possibility that a customer will default on its financial obligations as and when they fall due. Credit risk arises from the contractual financial assets of the TAFE, which comprise cash and deposits and non-statutory receivables. The TAFE's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the TAFE.

Credit risk is measured at fair value and is monitored on a regular basis. The TAFE monitors credit risk by actively assessing the rating quality and liquidity of counterparties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the TAFE's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 31 December 2021 and 31 December 2020 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

The TAFE does not hold any security on the trade receivables balance. In addition, the TAFE does not hold collateral relating to other financial assets.

In addition, the TAFE does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The TAFE's policy is to only deal with banks with high credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the TAFE's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There are no material financial assets which are individually determined to be impaired.

7. MANAGING RISKS AND UNCERTAINTIES

Credit quality of contractual financial assets that are neither passed due nor impaired

	Financial institutions \$'000	Government agencies (AAA-rating) \$'000	Other counterparty \$'000	Total \$'000
Consolidated 2021				
Cash and deposits	977	9,541	-	10,518
Receivables	-	-	93	93
Investments and other financial assets	40	-	-	40
Total contractual financial assets	1,017	9,541	93	10,651
Consolidated 2020				
Cash and deposits	515	9,706	-	10,221
Receivables	-	-	475	475
Investments and other financial assets	40	-	-	40
Total contractual financial assets	555	9,706	475	10,736

Note: The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

AASB 9 uses an 'expected credit loss' (ECL) model. Under this model, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

In measuring expected credit losses, trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 60 months before 31 December 2021 and the past 48 months before 31 December 2020, as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The TAFE has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Loss rates are based on actual credit loss experience. These rates are multiplied by scale factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the TAFE's view of economic conditions over the expected lives of the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the TAFE, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

7. MANAGING RISKS AND UNCERTAINTIES

7.1.3 Liquidity risk

Liquidity risk is the risk that the TAFE would be unable to meet its financial obligations as and when they fall due.

The TAFE operates under a payments policy of settling financial obligations within 30 days, and in the event of a dispute, making payments within 30 days from the date of resolution.

The TAFE's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in note 7.1.

The TAFE manages liquidity risk by:

- maintaining adequate short term reserves and banking facilities that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial market; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The TAFE's exposure to liquidity risk is deemed to be not material based on prior periods' data and current assessment of risk.

There has been no significant change in the TAFE's exposure, its objectives, policies and processes for managing liquidity risk, or the methods used to measure this risk from the previous reporting period.

7.1.4 Market risk

In its daily operations, the TAFE, is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and /or net worth of the TAFE.

The Board ensures that all market risk exposure is consistent with the TAFE's business strategy and within the risk tolerance of the TAFE. Regular risk reports are presented to the Board.

There has been no significant change in the organisation's exposure, or its objectives, policies and processes for managing market risk or the methods used to measure this risk from the previous reporting period.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There were no contingent assets or contingent liabilities as at 31 December 2021 (31 December 2020: nil) that may have a material effect on the financial operations of the TAFE.

7. MANAGING RISKS AND UNCERTAINTIES

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the TAFE.

This section sets out information on how the TAFE determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- land, buildings, plant and equipment, vehicles, and land improvements.

In addition, the fair values of other assets and liabilities that are carried at amortised cost also need to be determined for disclosure purposes.

The TAFE determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value estimation

A number of inputs are used in determining fair values. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The TAFE determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

A summary of changes between levels can be found in Note 7.3(a).

The Valuer-General Victoria (VGV) is the TAFE's independent valuation agency.

Fair value determination of financial assets and liabilities

The TAFE currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full.

There is no reportable difference between the carrying amount and fair value for the year ended 31 December 2021.

(a) Fair value determination of non-financial assets including right of use assets

The TAFE holds property, plant and equipment for which fair values are determined.

The TAFE, in conjunction with the Valuer-General Victoria (VGV), monitors changes in the fair value of each asset through relevant data sources to determine whether revaluations are required. The recurring fair value measurements of non-financial physical assets, such as land and buildings, are based on Level 2 observable inputs and Level 3 unobservable inputs due to the nature and characteristics of the TAFE's campus assets. There is little or no observable market evidence of the market selling price of campus assets as they are specialised assets with a Community Service Obligation (CSO) applied.

7. MANAGING RISKS AND UNCERTAINTIES

The table below shows the relevant fair value information relating to those assets.

	Carrying amount at 31 December \$'000	Fair value hierarchy		
		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
Consolidated 2021				
Specialised land	2,736	-	-	2,736
Total land at fair value	2,736	-	-	2,736
Specialised buildings	33,392	-	-	33,392
Total buildings at fair value	33,392	-	-	33,392
Plant and equipment	6,509	-	-	6,509
Vehicles	142	-	-	142
Cultural Assets	81	-	-	81
Land improvements	11	-	-	11
Right of use assets	3,173	-	-	3,173
Total other assets at fair value	9,916	-	-	9,916

Consolidated 2020				
Specialised land	2,350	-	-	2,350
Total land at fair value	2,350	-	-	2,350
Specialised buildings	30,277	-	-	30,277
Total buildings at fair value	30,277	-	-	30,277
Plant and equipment	6,067	-	-	6,067
Vehicles	240	-	-	240
Cultural Assets	81	-	-	81
Land improvements	8	-	-	8
Right of use assets	3,149	-	-	3,149
Total other assets at fair value	9,545	-	-	9,545

Impairment

Non-financial assets, including items of software, property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

7. MANAGING RISKS AND UNCERTAINTIES

(b) Valuations of property, plant and equipment

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with Financial Reporting Direction (FRD) 1031 *Non-financial Physical Assets* issued by the Assistant Treasurer. A full revaluation of education assets normally occurs every five years, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations with interim revaluations determined in accordance with the requirements of the FRD. Revaluation increases and decreases arise from differences between an asset's carrying value and the fair value. Consistent with all government education assets, an independent valuation of all land and buildings was performed by the Valuer-General Victoria with an effective date of 31 December 2017. For the year ended 31 December 2021, an assessment was conducted using indices provided by the Office of the Victorian Valuer-General. The cumulative indexation for the Irymple land parcels was 27% and Swan Hill was 15%, and building assets was 12.55%. Therefore a managerial revaluation was required as a result of this assessment.

For the year ending 31 December 2021 the TAFE conducted a managerial revaluation. As part of the managerial revaluation, the following inputs and assumptions were included:

- assumptions made about the future
- source of estimation uncertainty
- the nature or class of assets impacted
- the carrying amount of the assets subject to the significant uncertainty
- sensitivity of the carrying amounts to methods, assumptions and estimates including the reasons for their sensitivity; and
- expected resolution of the uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts.

COVID-19 has caused an increase to the estimation uncertainty around the fair value of non-financial assets. The impact of COVID-19 is further discussed in Note 1.3.

Specialised land and specialised buildings: the market approach is also used for specialised land, although is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as a Level 3 asset.

For the TAFE's majority of specialised buildings, the current replacement cost method is used. The replacement cost of specialised buildings is based on comparing the existing building with a modern equivalent, then adjusting for associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

Construction in progress assets are held at cost. The TAFE transfers the assets out of construction in progress and into the relevant asset category when they are ready for use.

Motor vehicles are valued using the current replacement cost method. The TAFE acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the TAFE who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment, library is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

7. MANAGING RISKS AND UNCERTAINTIES

Land improvements are held at fair value being depreciated cost. As there is no evidence of a reliable market-based fair value (or other relevant fair value indicators) for leasehold improvements, depreciated cost is the fair value for these types of assets. The valuation of leasehold improvements is based on significant unobservable inputs and accordingly is classified as a Level 3 asset.

There were no changes in valuation techniques throughout the period to 31 December 2021.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of level 3 items for the periods ended 31 December 2020 and 31 December 2021

	Specialised land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Cultural assets \$'000	Land improvements \$'000	Right of use assets \$'000
Level 3 Fair value measurements 2020						
As at 1 January 2020	33,394	4,483	336	81	-	2,700
Additions	3	1,775	-	-	8	187
Disposals	-	-	-	-	-	-
Depreciation/ amortisation	(819)	(878)	(34)	-	-	(240)
Revaluation	43	-	-	-	-	502
Write-ups/transfers/(write-offs)	6	687	(62)	-	-	-
Balance as at 31 December 2020	32,627	6,067	240	81	8	3,149
Level 3 Fair value measurements 2021						
As at 1 January 2021	32,627	6,067	240	81	8	3,149
Additions	34	1,445	35	-	4	448
Disposals	-	(268)	(105)	-	-	(311)
Depreciation/ amortisation	(823)	(1,065)	(28)	-	(1)	(239)
Revaluation	4,082	-	-	-	-	126
Write-ups/transfers/(write-offs)	208	330	-	-	-	-
Balance as at 31 December 2021	36,128	6,509	142	81	11	3,173

Description of significant unobservable inputs to Level 3 valuations

2020 and 2021	Valuation technique	Significant unobservable inputs	Estimated sensitivity
Specialised land	Market approach	Community service obligation (CSO) adjustment	A significant increase or decrease in the CSO adjustment would result in a significantly higher or lower fair value
Specialised buildings	Current replacement cost	Useful life of buildings and cost per square metre	A change in the useful life of the buildings and/or cost per square metre would result in a significantly higher or lower fair value
Motor vehicles	Current replacement cost	Useful life of vehicles	A change in the useful life may have an impact on the fair value (higher / lower)
Plant, equipment and library	Current replacement cost	Useful life of plant and equipment	A change in the useful life may have an impact on the fair value (higher / lower)
Cultural assets	Cost per unit	Useful life of cultural assets	A change in the useful life may have an impact on the fair value (higher / lower)
Land improvements	Current replacement cost	Useful life of lease	A change in the useful life may have an impact on the fair value (higher / lower)
Right of use assets	Current replacement cost	Useful life of lease	A change in the useful life may have an impact on the fair value (higher / lower)

8. GOVERNANCE DISCLOSURES

8.1 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons and executive officers for the reporting period.

The persons who held the positions of Ministers and Accountable Officers in the TAFE were as follows:

Position	Name	Relevant Period
Minister for Training and Skills and Minister for Higher Education	The Hon. Gayle Tierney MLC	1 January 2021 to 31 December 2021
Director and Chief Executive Officer (Accountable Officer)	Geoff Dea	1 January 2021 to 31 December 2021
Board Member	Kay Martin	1 January 2021 to 31 December 2021
Board Member	Rod Markwell	1 January 2021 to 31 December 2021
Board Member	Amanda Phillips	1 January 2021 to 31 December 2021
Board Member	Justin Lachal	1 January 2021 to 31 December 2021
Board Member	Terry Jennings	1 January 2021 to 31 December 2021
Board Member	Greg Hutchison	1 January 2021 to 31 December 2021
Board Member	David Cofield	1 January 2021 to 31 December 2021
Board Member	Neth Hinton	1 January 2021 to 31 December 2021
Board Member	Tania Chapman	1 January 2021 to 31 December 2021
Board Member	Katherine Hughes	1 September 2021 to 31 December 2021

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the TAFE during the reporting period was in the range: \$290,000 – \$290,999 (2020: \$(240,000 – \$249,999)).

No termination benefits are included in the 2021 remuneration above.

Remuneration received or receivable by the Responsible Persons, excluding the Accountable Officer, during the reporting period was in the range:

Income range	2021	2020
Less than \$10,000		
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	4	-
\$30,000 - \$39,999	3	7
\$40,000 - \$49,999	1	1
\$110,000 - \$119,000	-	1
\$130,000 - \$139,999	1	-
Total number	10	9
Total remuneration (\$'000)	328	318

Remuneration of the Responsible Minister is included in the financial statements of the Department of Parliamentary Services.

8. GOVERNANCE DISCLOSURES

8.2 Remuneration of executives

The number of executive officers, other than the Accountable Officer, and their total remuneration during the reporting period is shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	Consolidated	
	2021	2020
	\$'000	\$'000
Remuneration		
Short-term employee benefits	486	597
Post-employment benefits	47	54
Other long-term benefits	15	13
Termination benefits	-	23
Total remuneration	548	687
Total number of executives	3	4
Total annualised employee equivalents (i)	3	4

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

8. GOVERNANCE DISCLOSURES

8.3 Related parties

Related parties of the TAFE and its consolidated group include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all entities that are controlled and consolidated into the TAFE's consolidated financial statements;
- all departments and public sector entities that are controlled and consolidated into the whole-of-state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

The following entities have been consolidated into the TAFE's financial statements in accordance with AASB 10:

- TAFE Kids Inc.

Significant transactions with related entities

The TAFE provides services by way of Human Resources, Bookkeeping/Accounting, IT and building related services throughout the year.

Related party transactions

	Transaction values for year ended		Balances outstanding as at 31 December	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Related party transactions				
TAFE Kids Inc. (service fees)	57	84	-	12
Total	57	84	-	12

8. GOVERNANCE DISCLOSURES

Key management personnel of the TAFE includes the Minister for Training and Skills and Minister for Higher Education, the Hon. Gayle Tierney MLC, all Board members, and members of the Executive Leadership Team which includes:

Key management personnel	Position title
Geoff Dea	Chief Executive Officer
David Harris	General Manager - Operations
Diane Schmidt	General Manager - Corporate Services
Chelsea Diana	Manager - Compliance & Risk

Compensation of key management personnel

	Consolidated	
	2021 \$'000	2020 \$'000
Remuneration		
Short-term employee benefits	1,034	1,108
Post-employment benefits	100	101
Other long-term benefits	28	16
Termination benefits	-	23
Total remuneration	1,162	1,248

Key management personnel of TAFE Kids Inc., consolidated pursuant to section 53(1)(b) of the *Financial Management Act 1994* into the TAFE's financial statements, include:

Key management personnel	Position title
Kay Martin	Board Chair
Geoff Dea	Chief Executive Officer
Amanda Phillips	Board Member
Diane Schmidt	Treasurer
Amie Johnson	Centre Director
David Harris	Secretary

Transactions and balances with key management personnel and other related parties

The TAFE had no related party transactions for the period ended 31 December 2021.

8. GOVERNANCE DISCLOSURES

8.4 Remuneration of auditors

	Consolidated	
	2021 \$'000	2020 \$'000
Remuneration of the Victorian Auditor-General's Office Audit of the financial statements	57	82
Total remuneration of the Victorian Auditor-General's Office	57	82
Remuneration of other auditors Internal audit services	62	63
Total remuneration of other auditors	62	63
Total	119	145

The Victorian Auditor-General's Office is not allowed to provide non-audit services.

9. OTHER DISCLOSURES

9.1 Other economic flows included in net result

	Consolidated	
	2021 \$'000	2020 \$'000
(a) Net gain on financial instruments		
Government loan discount	(89)	(102)
Impairment of loans and receivables	(1)	5
Net gain on revaluation of financial assets	123	290
Total net gain on financial instruments	33	193
(b) Other gains/(losses) from other economic flows		
Net (loss)/gain arising from revaluation of long service leave liability	(10)	107
Total other gains/(losses) from other economic flows	(10)	107
Total other economic flows included in net result	23	300

Net gain/(loss) from revaluation of long service leave liability and annual leave liability are changes arising due to changes in bond rates.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets (refer to Note 4.1);
- revaluations and impairments of non-financial physical and intangible assets (refer to Note 4.1 and Note 4.2);
- remeasurement arising from employee benefits (refer to Note 3.1); and
- fair value changes of financial instruments (refer to Note 7.3).

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

9. OTHER DISCLOSURES

9.2 Reserves

	Consolidated	
	2021 \$'000	2020 \$'000
Physical asset revaluation surplus		
Balance at 1 January	23,096	23,053
Revaluation increment on non-current assets	4,082	43
Balance at 31 December	27,178	23,096

Note: The physical asset revaluation surplus arises on the revaluation of land and buildings.

9.3 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities:

	Country of incorporation	Class of shares	2021 %	2020 %
Controlled entities				
TAFE Kids Incorporated	Australia	N/A	100	100

TAFE Kids Incorporated

TAFE Kids Incorporated provides community child care services. The Association is controlled by the TAFE.

9.4 Events after reporting date

No matters or circumstances have occurred subsequent to period end that have significantly affected, or may significantly affect, the operations of the TAFE and TAFE Kids Inc., the results of those operations or the state of affairs of the TAFE and TAFE Kids Inc. in subsequent financial years.

9.5 Application of standards issued but not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the TAFE of their applicability and early adoption where applicable.

AASB 2020-1 - Amendments to Australian Accounting Standards - Classification of liabilities as current or non-current amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued *2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The amendment is not expected to impact the TAFE and the TAFE will not early adopt the standard.

9. OTHER DISCLOSURES

9.6 New or amended Accounting Standards and Interpretations adopted

9.6.1 Conceptual Framework for Financial Reporting (Conceptual Framework)

The TAFE has adopted the revised Conceptual Framework from 1 January 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

9.6.2 IFRIC Agenda Decision - Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

The TAFE has adopted the IFRIC Agenda Decision - Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) from 1 January 2021. The Agenda Decision clarifies how a customer accounts for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. The Agenda Decision requires management to capitalise elements of expenditure that meet the definition of an *Intangible Asset* as defined by AASB 138 *Intangible Assets* and recognise any additional amounts as an expense as the entity benefits from the expenditure either by applying AASB 138 or applying another accounting standard.

Effectively, if a SaaS arrangement does not contain a lease and there is no intangible asset controlled by the TAFE, then expenditure will be expensed. The pattern of expenditure will depend on whether the configuration or customisation services are distinct. Services which are not distinct are recognised as an expense on the same pattern as the SaaS arrangement. Services which are distinct however, are recognised as the services are delivered.

The Agenda Decision did not have any impact on the TAFE's consolidated financial statements as all expenditure incurred in relation to Cloud Computing Arrangements were appropriately expensed.

10. PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2021	2020
	\$'000	\$'000
Balance sheet		
Total current assets	12,630	12,754
Total non-current assets	47,881	42,569
Total assets	60,511	55,323
Total current liabilities	7,474	5,023
Total non-current liabilities	7,148	7,246
Total liabilities	14,622	12,269
Accumulated surplus	12,492	13,607
Contributed capital	6,997	6,997
Reserves	26,400	22,450
Total equity	45,889	43,054
Comprehensive operating		
Net result	(972)	(4,237)
Other comprehensive income	3,951	43
Comprehensive result	2,979	(4,194)

The parent entity has not provided any financial guarantees on behalf of its subsidiaries.
The parent entity did not have any contingent liabilities as at 31 December 2021 (2020 Nil).
The parent entity had no contractual commitments as at 31 December 2021 (2020: Nil).

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Key to abbreviations

AMAF	Asset Management Accountability Framework
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
COVID-19	Coronavirus
DET	Department of Education and Training
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EDS	Education Development Services
FFS	Fee for Service
FMA	Financial Management Association
FOI	Freedom of Information
FTE	Full Time Equivalent
GF	Government Funded
HES	Higher Education and Skills
KPI	Key Performance Indicator
NMLLEN	Northern Mallee Local Learning and Employment Network
MRIC	Mallee Regional Innovation Centre
NCC	National Construction Code
OH&S	Occupational Health and Safety
PACCT	Professional, Administrative, Clerical, Computing and Technical
PAEC	Public Accounts and Estimates Committee
PEC	Professional Educator College
PRG	Pandemic Response Group
PD	Professional Development
SaJC	Skills and Jobs Centre
SBAT	School Based Apprenticeship Traineeship
SMS	Student Management System
STEM	Science, Technology, Engineering, Mathematics
SuniTAFE	Sunraysia Institute of TAFE
TAFE	Technical and Further Education
ULP	Unleaded Petrol
VAGO	Victorian Auditor-General's Office
VET	Vocational Education and Training
VETDSS	Vocational Education and Training Delivered to Secondary Schools
VCAL	Victorian Certificate of Applied Learning
VPSC	Victorian Public Sector Commission
VTA	Victorian TAFE Association

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